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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

DEPARTMENT 17

HON. RICHARD E. RICO, JUDGE

PRECISION DEVELOPMENT LLC, ET AL.,)

)

PLAINTIFF(S),)

)

VS.) NO. BC384285

)

)

YURI PLYAM, ET AL.,)

)

DEFENDANT(S).)

)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MARCH 22, 2011

APPEARANCES:

FOR THE PLAINTIFF(S):

LATHAM & WATKINS LLP

BY: ROBERT D. CROCKETT, ESQ.

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PAGES 1 THROUGH 149, INCL.

SYLVIA ALMAGUER-MILLER, CSR #8767
OFFICIAL REPORTER

M A S T E R I N D E X

APPEARANCE DATE(S)

MARCH 22, 2011

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TINA HAWKINS	10S	15R	19S	
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NATALIA PLYAM (776)		20R (RESUMED)		
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LEGEND: S - MR. SAMIMI
 C - MR. CROCKETT
 R - MR. RILEY

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1 CASE NUMBER: BC384285
2 CASE NAME: PRECISION DEVELOPMENT, LLC. VS.
3 YURI PLYAM, ET AL.
4 LOS ANGELES, CALIFORNIA TUESDAY, MARCH 22, 2011
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767
7 TIME: 9:35 A.M.

8 APPEARANCES:

9 ROBERT D. CROCKETT AND SEENA SAMIMI, ATTORNEYS AT LAW,
10 REPRESENTING THE PLAINTIFF;
11 DENNIS P. RILEY, ATTORNEY AT LAW, REPRESENTING THE
12 DEFENDANTS.

13
14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
15 HELD IN OPEN COURT OUTSIDE THE PRESENCE OF THE
16 JURY:)

17
18 THE COURT: ALL RIGHT. GOOD MORNING. COUNSEL AND
19 PARTIES ARE PRESENT. WE HAVE A REQUEST BY MR. CROCKETT
20 OUTSIDE THE PRESENCE OF THE JURY AND ALTERNATES.

21 YES. GO AHEAD.

22 MR. CROCKETT: YES, YOUR HONOR. WE'D LIKE TO CALL AS
23 A WITNESS OUT OF ORDER. SHE'S DRIVEN QUITE A WAYS TO BE HERE.
24 TINA HAWKINS. SHE'S GOING TO BE AUTHENTICATING A COUPLE OF
25 DOCUMENTS.

26 FIRST IS A MECHANIC'S LIEN THAT WAS APPLIED
27 AGAINST THE ROXBURY HOME. SHE'S GOING TO AUTHENTICATE A CHECK
28 THAT SHE RECEIVED FROM THE PLYAMS FROM THE COMPANY FUNDS

1 PAYING FOR ROXBURY IN CONNECTION TO THEIR CLAIMS THAT THE
2 CHECK WAS APPLIED TO PRECISION PROPERTIES. THIS IS A CHECK
3 THAT SHE'S PRODUCING FROM HER FILES THAT WE'VE NEVER SEEN
4 BEFORE UNTIL TODAY. AND SHE'S GOING TO TESTIFY THAT SHE
5 APPLIED -- THE PLYAMS OWED MONEY ON THEIR HOME, THE MECHANIC'S
6 LIEN WAS ISSUED, AND THAT IT WAS PAID FOR.

7 THE ARGUMENT WILL BE THAT IN THE WANING MONTHS,
8 THIS WAS LIKE NOVEMBER, DECEMBER OF '07, THE PLYAMS WERE
9 FIERCELY OUT OF MONEY IN THE CONSTRUCTION OF THEIR HOME AND
10 THAT'S WHEN THEY STARTED TO REALLY START MOVING FUNDS AND
11 STEALING FROM THE ESTATE -- OR NOT THE ESTATE, BUT THE
12 COMPANY.

13 THE COURT: OKAY. MR. RILEY?

14 MR. RILEY: YOUR HONOR, I OBJECT TO THE RELEVANCE OF
15 THIS WITNESS AND 352. THIS IS A MECHANIC'S LIEN. WE'RE
16 TALKING ABOUT DEVELOPING CONSTRUCTION, MECHANIC'S LIENS ARE
17 LIKE A NORMAL -- ARE A NORMAL PIECE OF PAPER THAT OCCURS IN A
18 CONSTRUCTION OF THEIR PERSONAL HOUSE. IT HAS NOTHING TO DO
19 WITH THIS CASE, WHETHER THEY HAD A MECHANIC'S LIEN AGAINST
20 THEIR PERSONAL HOUSE AND WHETHER THEY PAID OFF THE MECHANIC'S
21 LIEN.

22 THIS WITNESS DOESN'T OFFER ANYTHING. SHE JUST
23 IS GOING TO SAY A MECHANIC'S LIEN WAS FILED AGAINST THEIR
24 PERSONAL RESIDENCE. THAT DOESN'T SHOW CONVERSION OR IT
25 DOESN'T SHOW BREACH OF FIDUCIARY DUTY AS IT RELATES TO
26 PRECISION, THE PLAINTIFF IN THIS MATTER.

27 THIS WHOLE IDEA THAT MY CLIENTS WERE RUNNING
28 OUT OF MONEY AFTER THEY TOOK OVER PRECISION, THE PLAINTIFFS

1 TOOK OVER PRECISION, MY CLIENTS PUT ANOTHER \$1.8 MILLION INTO
2 THEIR HOUSE TO FINISH IT. MY CLIENTS HAD PLENTY OF MONEY.
3 THIS WHOLE IDEA OF THEM RUNNING OUT OF MONEY --

4 THE COURT: OKAY. AGAIN, YOU'RE KIND OF ARGUING
5 INTERPRETATIONS OF FACT. THAT'S FOR THE JURY. THE ISSUE IS
6 WHETHER THE FACT ITSELF SHOULD COME IN. SO LET'S JUST STICK
7 TO THAT.

8 MR. CROCKETT -- SORRY. I LOST MY TRAIN OF
9 THOUGHT HERE.

10 IS IT YOUR OFFER OF PROOF THAT MS. HAWKINS IS
11 GOING TO HAVE A CHECK THAT HER MECHANIC'S LIEN WAS PAID BY
12 FUNDS FROM PRECISION? IS THAT IT?

13 MR. CROCKETT: YES.

14 THE COURT: OKAY.

15 MR. CROCKETT: WELL, IT'S FROM CASTLE ASSET
16 MANAGEMENT, BUT IT WILL SHOW --

17 THE COURT: AND YOUR CLAIM IS THAT YOU CAN ARGUE THAT
18 THAT CAN TIE INTO MONIES THAT WERE TAKEN FROM PRECISION TO PAY
19 THAT MECHANIC'S LIEN?

20 MR. CROCKETT: THAT'S CORRECT. THAT'S CORRECT.

21 THE COURT: OKAY. MR. RILEY?

22 MR. RILEY: YOUR HONOR, THE WHOLE --

23 THE COURT: I UNDERSTAND YOU'LL ARGUE TO THE CONTRARY,
24 WHICH IS FINE, BUT WHY IS THAT NOT RELEVANT?

25 MR. RILEY: WELL, OBVIOUSLY THE CHECK, I COULD SEE THE
26 RELEVANCE OF THE CHECK, BUT FOR THEM TO SAY THEY'VE NEVER SEEN
27 IT BEFORE IS SIMPLY LUDICROUS WHEN THEY SUBPOENAED EVERY
28 SINGLE CHECK --

1 THE COURT: THAT'S NEITHER HERE NOR THERE. I'M JUST
2 TRYING TO GET THIS WITNESS IN AND OUT OF HERE, IF THE WITNESS
3 HAS AN OFFERING OF RELEVANT TESTIMONY.

4 MR. RILEY: WELL, IF YOU'RE -- WELL, CAN I SEE THE
5 CHECK?

6 MR. CROCKETT: WE DON'T HAVE IT. SHE HAS IT IN HER
7 POSSESSION.

8 MR. RILEY: YOUR HONOR, TO SAVE TIME, THEN, IF THE
9 COURT IS GOING TO OVERRULE MY RELEVANCE OBJECTION, I WOULD
10 JUST STIPULATE TO AUTHENTICITY OF THE MECHANIC'S LIEN AND THE
11 CHECK, IF THE CHECK WAS WRITTEN.

12 I DON'T KNOW -- I DON'T THINK IT'S RELEVANT,
13 BUT IF THE COURT'S GOING TO OVERRULE ME ON THAT, I DON'T THINK
14 WE NEED TO CALL A WITNESS AND WASTE TIME ON THAT.

15 MR. CROCKETT: SHE NEEDS TO SAY WHO SHE IS, THAT SHE
16 WORKS FOR MATERIAL MEN, THAT SHE -- THAT THEY ISSUED A
17 MECHANIC'S LIEN AND SHE GOT PAID FROM THAT CHECK.

18 THE COURT: SO I ASSUME THIS ALL CAN BE DONE IN TEN
19 MINUTES?

20 MR. CROCKETT: THAT'S FINE.

21 THE COURT: OKAY.

22 MR. RILEY: I'M STIPULATING. I DON'T SEE THE NEED TO
23 CALL THIS WITNESS, UNLESS THEY'VE GOT ACTUALLY OTHER THINGS IN
24 MIND.

25 THE COURT: ALL RIGHT. WELL, I'LL ALLOW THE
26 TEN-MINUTE WITNESS TO BE TAKEN OUT OF ORDER.

27 YOU HAVE NO OBJECTION TO THAT?

28 MR. RILEY: THE ORDER, I HAVE NO OBJECTION TO THE

1 ORDER, YOUR HONOR.

2 THE COURT: OKAY.

3 MR. RILEY: WHILE WE'RE OUT OF THE PRESENCE OF THE
4 JURY, I JUST WANT TO BRING UP ONE MORE THING REALLY QUICKLY
5 AND THIS IS IMPORTANT.

6 THE COURT: OKAY.

7 MR. RILEY: BECAUSE MR. CROCKETT MAKES STATEMENTS ALL
8 THE TIME AND I WANT TO END THIS TODAY BECAUSE I'VE KEPT
9 MENTIONING THIS BEFORE, BUT AS YOU KNOW, IN CHAMBERS, HE ASKED
10 FOR A GAG ORDER ON MY CLIENTS --

11 THE COURT: LET ME JUST STOP YOU THERE, BECAUSE,
12 AGAIN, SINCE IT HASN'T BEEN ISSUED, THEN -- WAIT -- SINCE IT
13 EVEN HASN'T BEEN GIVEN TO THE COURT, AS I TOLD YOU LAST TIME,
14 IT'S A NON-ISSUE UNTIL SOMETHING IS PRESENTED TO THE COURT.

15 MR. RILEY: NO. BUT THERE IS SOMETHING THAT IS AN
16 ISSUE, YOUR HONOR, THAT IS VERY IMPORTANT.

17 THE COURT: OKAY.

18 MR. RILEY: MR. CROCKETT IS AN OFFICER OF THIS COURT
19 AND HE ACCUSED MY CLIENTS OF SAYING THAT THEY WERE GOING TO
20 RAPE HIS WIFE TO YOU --

21 MR. CROCKETT: I'VE NEVER SAID THAT.

22 MR. RILEY: -- IN CHAMBERS AND THEN --

23 MR. CROCKETT: I NEVER SAID THAT. I SAID --

24 THE COURT: COUNSEL, WAIT, WAIT. MR. CROCKETT, LET
25 MR. RILEY FINISH, THEN YOU CAN RESPOND.

26 MR. RILEY: SO WHEN WE PUT THIS ON THE RECORD, HE SAID
27 THAT HE WAS GOING TO PROVE THAT AND GIVE US A BRIEF.
28 YESTERDAY WHEN I SPOKE TO HIM, HE SAYS, "WELL, I'M BEYOND THAT

1 AND SO I'M NOT GOING TO DO THAT." YOU CAN'T JUST MAKE
2 STATEMENTS LIKE THAT AND WALK AWAY FROM THEM, YOUR HONOR. HE
3 MADE THAT TO YOU.

4 HE SAID TO THIS COURT THAT MY CLIENTS MADE A
5 SERIOUS STATEMENT AGAINST HIM -- HIS WIFE. AND FOR HIM TO
6 JUST SAY, "OH, WELL, I'M NOT GOING TO DEAL WITH IT NOW," YOU
7 CAN'T DO THAT. IF HE'S LYING TO THIS COURT, WE NEED TO DEAL
8 WITH THAT BECAUSE HE MAKES STATEMENTS OUT OF THE BLUE, LIKE
9 THE OTHER DAY WHEN HE MADE THE STATEMENT ABOUT A DOCUMENT
10 BEING AN ATTORNEY-CLIENT PRIVILEGE WHEN IT WASN'T. HE HAS TO
11 BE CALLED ON THIS, YOUR HONOR. YOU CAN'T DO THAT AS AN
12 OFFICER OF THE COURT.

13 THE COURT: OKAY. I'LL LET MR. CROCKETT RESPOND TO
14 THIS.

15 MR. CROCKETT: ARE WE GOING TO HEAR THIS EVERY
16 MORNING?

17 THAT'S NOT WHAT I SAID IN CHAMBERS. WHAT I
18 SAID IN CHAMBERS IS THEY'RE POSTING PROCEEDINGS -- THEY'RE
19 POSTING COMMENTS ON PROCEEDINGS IN THIS COURT, IN-CHAMBERS
20 PROCEEDINGS AND SETTLEMENT PROCEEDINGS ON THE SAME BLOG WHERE
21 THERE'S ANONYMOUS STATEMENTS ABOUT THE FACT THAT WHEN I'M OUT
22 TRYING CASES, SOMEBODY IS GOING TO COME HOME AND RAPE MY WIFE.
23 THEY'RE POSTING -- THE PLYAMS ARE POSTING ON THAT BLOG WHERE
24 THOSE ANONYMOUS COMMENTS ARE CONTAINED. THAT'S WHAT I SAID.

25 THE COURT: OKAY. ALL RIGHT. ENOUGH.

26 LOOK, BOTH OF YOU, COMMENTS MADE IN CHAMBERS
27 ARE JUST COMMENTS. THE COURT HEARS COMMENTS ALL THE TIME.
28 I'M CHARGED WITH THE RESPONSIBILITY OF OPERATING THIS

1 COURTROOM AS EFFICIENTLY AND AS JUDICIOUSLY AS POSSIBLE, WHICH
2 I DO. MATTERS IN CHAMBERS, COMMENTS MADE BY MR. CROCKETT, OR
3 AS I SAID BEFORE, UNTIL THERE'S A MOTION IN FRONT OF ME, FOR
4 ALL INTENT AND PURPOSES ARE IGNORED.

5 I TOOK MR. CROCKETT'S STATEMENT FOR WHAT IT'S
6 WORTH, THAT HE CLAIMED THAT THERE'S SOMETHING OUT ON THE
7 INTERNET WHERE SOMEBODY MADE -- AND HE DID SAY ANONYMOUS AND
8 HE'S ALWAYS SAID IT'S BEEN AN ANONYMOUS STATEMENT OF THREATS
9 AGAINST HIS SPOUSE. CERTAINLY THE COURT DOESN'T CONDONE THAT,
10 BUT ON THE OTHER HAND, I HAVEN'T SEEN ANY EVIDENCE WHATSOEVER
11 THAT THE PLYAMS ARE RESPONSIBLE FOR THAT AND I DO NOT HOLD IT
12 AGAINST THE PLYAMS, FOR WHATEVER THAT'S WORTH.

13 MR. RILEY: I --

14 THE COURT: LOOK, AGAIN, I LISTENED TO BOTH OF YOU AND
15 I THINK WE'LL JUST PUT THIS TO BED UNTIL I HEAR SOMETHING --
16 UNTIL I SEE A MOTION IN FRONT OF ME. END OF STORY.

17 MR. RILEY: FINAL WORD, YOUR HONOR, HE DIDN'T SAY IT
18 WAS ANONYMOUS, HE SAID DIRECTLY TO YOU THAT MY CLIENTS WERE
19 DOING IT. THAT'S WHY I MADE A BIG ISSUE OF IT. THAT'S WHAT
20 HE SAID.

21 THE COURT: ALL RIGHT. I BELIEVE HE SAID ANONYMOUS,
22 BUT OKAY, YOU HEARD DIFFERENTLY. IT DOESN'T MATTER TO THE
23 COURT. I'M NOT CONCERNED ABOUT THAT.

24 OKAY. LET'S GET THE JURY IN.

25 MR. CROCKETT: COULD YOUR HONOR PLEASE LET THE JURY
26 KNOW THAT WE'RE OFF TOMORROW.

27 THE COURT: YES.

28 MR. CROCKETT: THANKS.

1 THE COURT: IS THAT IT?

2 MR. RILEY: YEAH, THAT'S IT. I DON'T WANT THEM TO BE
3 SURPRISED AND NOT PLAN.

4 THE COURT: SORRY. I FORGOT YESTERDAY.

5
6 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
7 HELD IN OPEN COURT IN THE PRESENCE OF THE
8 JURY:)

9
10 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND
11 GENTLEMEN. JURORS AND ALTERNATES ARE NOW PRESENT.

12 A COUPLE OF HOUSEKEEPING MATTERS. WE MAY HAVE
13 TOLD SOME OF YOU DURING THE VOIR DIRE PROCESS, AND I APOLOGIZE
14 IF WE DIDN'T TELL EVERYBODY, BUT I'M TELLING YOU NOW, TOMORROW
15 WE WILL BE DARK. SO WE WILL NOT BE IN SESSION TOMORROW. SO
16 IF YOU NEED TO GO TO WORK, PLEASE GO BACK TO WORK.

17 AND FOR THAT MATTER, LET ME EXPLAIN, ALSO, NEXT
18 WEEK, THE 31ST OF MARCH IS A STATE HOLIDAY, SO THE COURTS ARE
19 CLOSED SO OBVIOUSLY YOU DON'T HAVE TO COME IN ON THAT DATE.
20 THE FOLLOWING DAY, APRIL 1ST, SINCE MARCH 31ST WAS A COURT
21 HOLIDAY, IT'S A COURT HOLIDAY FOR THIS COURT. I PLANNED A
22 VACATION FOR A WHILE, SO I AM GOING TO TAKE THAT DAY OFF. SO
23 YOU OBVIOUSLY DO NOT HAVE TO COME TO COURT ON APRIL 1ST AS
24 WELL. BUT I'LL REMIND YOU OF THAT NEXT WEEK. SO PLEASE, IF
25 YOUR BUSINESS DOES NOT TAKE THE 31ST OFF, YOU KNOW, GO BACK TO
26 WORK AS WELL AS THE 1ST.

27 NEXT, WE ARE NOW, AS MAY HAPPEN FROM TIME TO
28 TIME, WE'RE GOING TO TAKE A WITNESS OUT OF ORDER. THIS IS A

1 WITNESS WHO IS COMING IN JUST FOR A SHORT PURPOSE, SO WE'RE
2 GOING TO INTERRUPT THE TESTIMONY OF MS. PLYAM. MR. CROCKETT
3 IS GOING TO CALL A SHORT WITNESS AND THEN WE'LL GET BACK TO
4 MS. PLYAM'S TESTIMONY.

5 SO, MR. CROCKETT.

6 MR. CROCKETT: I'LL HAVE MR. SEENA SAMIMI HANDLE THIS,
7 YOUR HONOR.

8 THE COURT: ALL RIGHT. COUNSEL.

9 MR. SAMIMI: PLAINTIFFS CALL TINA HAWKINS.

10 THE CLERK: OKAY. MA'AM, RAISE YOUR RIGHT HAND.

11 DO YOU SOLEMNLY STATE THAT THE TESTIMONY YOU'RE
12 ABOUT TO GIVE IN THE CAUSE NOW PENDING BEFORE THIS COURT SHALL
13 BE THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH, SO
14 HELP YOU GOD?

15 THE WITNESS: YES.

16 THE CLERK: MA'AM, PLEASE HAVE A SEAT AT THE WITNESS
17 STAND.

18 MA'AM, PLEASE STATE YOUR NAME FOR THE RECORD,
19 SPELLING BOTH YOUR FIRST AND LAST NAME.

20 THE WITNESS: TINA HAWKINS.

21 THE COURT: SPELL IT, PLEASE, MA'AM.

22 THE WITNESS: T-I-N-A, H-A-W-K-I-N-S.

23 THE COURT: ALL RIGHT. YOU MAY PROCEED.

24
25
26
27 ///

28 ///

1 TINA HAWKINS,
2 CALLED BY THE PLAINTIFF AS A WITNESS OUT OF ORDER, WAS SWORN
3 AND TESTIFIED AS FOLLOWS:

4
5 DIRECT EXAMINATION

6 BY MR. SAMIMI:

7 Q GOOD MORNING, MS. HAWKINS.

8 A GOOD MORNING.

9 Q COULD YOU PLEASE TELL US WHERE YOU WORK.

10 A ROBERTSON'S READY MIX.

11 Q WHAT IS ROBERTSON'S READY MIX?

12 A WE SUPPLY CONCRETE MATERIAL.

13 Q OKAY. HOW LONG HAVE YOU BEEN WORKING WITH
14 ROBERTSON'S READY MIX?

15 A FIVE YEARS.

16 Q WHAT IS YOUR POSITION THERE?

17 A CREDIT AGENT.

18 Q WHAT DOES YOUR JOB DUTIES ENTAIL?

19 A COLLECTING MONEY THAT'S OWED BY OUR CUSTOMERS.

20 Q SO, FOR EXAMPLE, COULD YOU GIVE ME AN EXAMPLE
21 OF SOMETHING THAT WOULD HAPPEN THAT YOU WOULD COLLECT.

22 A WELL, WE --

23 MR. RILEY: OBJECTION, RELEVANCE.

24 THE COURT: ALL RIGHT. WHY DON'T WE JUST MOVE ON.

25 SUSTAINED.

26 Q BY MR. SAMIMI: SO DO YOUR DUTIES AT
27 ROBERTSON'S READY MIX INCLUDE DEALING WITH MECHANIC'S LIENS?

28 A YES.

1 Q COULD YOU EXPLAIN WHAT A MECHANIC'S LIEN IS.

2 A IT'S A DOCUMENT THAT HOLDS A CERTAIN AMOUNT
3 AGAINST A PROPERTY UNTIL IT'S PAID FOR.

4 Q SO WHEN WOULD A MECHANIC'S LIEN BE ISSUED?

5 A WELL, WE ISSUE OUR MECHANIC'S LIEN ABOUT
6 90 DAYS AFTER WE POUR OUR CONCRETE, IF WE'RE NOT PAID.

7 Q SO IF CONCRETE IS POURED ON A CERTAIN DATE AND
8 THE PAYMENT FOR THAT CONCRETE ISN'T MADE, YOU WOULD ISSUE A
9 MECHANIC'S LIEN 90 DAYS LATER?

10 A YES.

11 Q OKAY.

12 MR. SAMIMI: MAY I APPROACH THE WITNESS, YOUR HONOR?

13 THE COURT: ALL RIGHT. YOU'VE SHOWN COUNSEL?

14 MR. SAMIMI: EXHIBIT 27.

15 Q MS. HAWKINS, DO YOU RECOGNIZE THIS DOCUMENT
16 (INDICATING)?

17 A YES.

18 Q WOULD YOU TELL US WHAT IT IS, PLEASE.

19 A A MECHANIC'S LIEN.

20 Q FOR WHICH PROPERTY?

21 A 607 NORTH ROXBURY DRIVE, BEVERLY HILLS,
22 CALIFORNIA.

23 Q IS THAT YOUR SIGNATURE AT THE BOTTOM OF THIS
24 MECHANIC'S LIEN?

25 A YES, IT IS.

26 Q IS THIS SOMETHING YOU WOULD DEAL WITH IN YOUR
27 ORDINARY COURSE OF BUSINESS?

28 A YES.

1 MR. SAMIMI: MOVE TO PUBLISH, YOUR HONOR.

2 THE COURT: ANY OBJECTION?

3 MR. RILEY: OBJECTION, RELEVANCE, YOUR HONOR.

4 THE COURT: ALL RIGHT. OVERRULED.

5 MR. SAMIMI: MOVE TO ADMIT, YOUR HONOR.

6 THE COURT: YES.

7

8 (EXHIBIT 27 WAS ADMITTED INTO EVIDENCE.)

9

10 Q BY MR. SAMIMI: CAN YOU TELL US WHAT THE
11 PROCEDURE THAT IS USED TO COLLECT ON MECHANIC'S LIENS?

12 MR. RILEY: OBJECTION, RELEVANCE, FOUNDATION.

13 THE COURT: REPHRASE.

14 SUSTAINED.

15 Q BY MR. SAMIMI: WHEN A MECHANIC'S LIEN IS
16 ISSUED BY YOUR COMPANY, WHAT IS THE GENERAL PROCEDURE YOU USE
17 TO COLLECT ON THAT MONEY?

18 A WE SEND A LETTER OUT ALONG WITH A COPY OF THE
19 MECHANIC'S LIEN AND ASK FOR PAYMENT AGAIN.

20 Q DO YOU KNOW IF THAT WAS DONE IN THIS CASE?

21 A NO, I DON'T.

22 Q WAS THIS MECHANIC'S LIEN EVENTUALLY PAID?

23 A YES, IT WAS.

24 Q AND THIS WAS FOR 607 NORTH ROXBURY?

25 A YES.

26 Q IN BEVERLY HILLS, CALIFORNIA?

27 A YES.

28 Q I WANT TO -- I WANT TO SEE IF YOU HAVE -- DO

1 YOU HAVE ANY RECORDS WITH YOU TODAY THAT SHOWS HOW THIS WAS
2 PAID?

3 A YES.

4 Q DO YOU HAVE THAT WITH YOU --

5 A YES.

6 Q -- IN YOUR POSSESSION NOW?

7 WHAT WAS THAT RECORD THAT YOU HAVE THAT WAS --
8 THAT SHOWS THAT THIS 18,338-DOLLAR LIEN WAS PAID?

9 A IT WAS A COPY OF A CHECK.

10 Q COULD YOU PLEASE SHOW THAT TO ME?

11 A YES.

12 MR. SAMIMI: YOUR HONOR, MAY I APPROACH?

13 THE COURT: YES.

14 Q BY MR. SAMIMI: SO IS THIS DOCUMENT THAT YOU'VE
15 JUST HANDED ME A CHECK THAT ROBERTSON'S READY MIX RECEIVED IN
16 SATISFACTION OF THE PAYMENT OF THE 8,338 (SIC) --

17 A YES.

18 Q -- DOLLARS AND SIX CENTS THAT WAS OWED?

19 A YES.

20 Q AND THE PAYMENT DATE FOR THIS APPEARS TO BE
21 DECEMBER 20TH, 2007?

22 A YES.

23 Q THAT LOOKS LIKE IT'S ABOUT A MONTH AFTER -- A
24 MONTH AFTER THE MECHANIC'S LIEN WAS ISSUED?

25 A YES.

26 Q OKAY. DO YOU KNOW WHERE THIS CHECK WENT?

27 A IT WENT TO OUR LEGAL DEPARTMENT.

28 Q HOW DO YOU KNOW THAT?

1 A THE FILE WAS SENT TO OUR LEGAL DEPARTMENT AFTER
2 THE LIEN WAS PLACED.

3 Q SO AFTER YOU SENT OUT THE LETTER WITH THE
4 MECHANIC'S LIEN TO THAT PROPERTY, YOU JUST -- IT GOES TO LEGAL
5 FOR COLLECTION?

6 A YES.

7 Q OKAY.

8 MR. SAMIMI: YOUR HONOR, I WOULD LIKE TO MARK THIS
9 COPY OF THE CHECK THAT WAS HANDED TO ME BY TINA HAWKINS AS THE
10 NEXT EXHIBIT IN ORDER, WHICH WOULD BE 190, PLAINTIFF'S
11 EXHIBIT 190.

12 THE COURT: ALL RIGHT.

13 MR. SAMIMI: PERMISSION TO PUBLISH AND ADMIT?

14 THE COURT: LET MR. RILEY TAKE A LOOK AT IT.

15 MR. RILEY: OKAY. NO OBJECTION.

16 THE COURT: ALL RIGHT.

17

18 (EXHIBIT 190 WAS ADMITTED INTO EVIDENCE.)

19

20 Q BY MR. SAMIMI: CAN YOU TELL US WHO PAID THIS
21 CHECK TO ROBERTSON'S READY MIX FOR THE ROXBURY CONCRETE?

22 A WELL, THE CHECK --

23 MR. RILEY: OBJECTION, VAGUE. THE DOCUMENT SPEAKS FOR
24 ITSELF.

25 THE COURT: I AGREE.

26 CAN I TAKE A LOOK AT THE CHECK, PLEASE?

27 Q BY MR. SAMIMI: SO, MS. HAWKINS, COULD YOU
28 PLEASE TELL US -- I'M GOING TO PUT THIS BACK ON THE SCREEN

1 AGAIN.

2 COULD YOU PLEASE TELL US WHO PAID THAT CHECK TO
3 ROBERTSON'S READY MIX FOR THE CONCRETE ON ROXBURY?

4 A CASTLE ASSET MANAGEMENT.

5 Q THANK YOU.

6 MR. SAMIMI: NO FURTHER QUESTIONS, YOUR HONOR.

7 THE COURT: CROSS.

8 MR. RILEY: THANK YOU, YOUR HONOR.

9

10 CROSS-EXAMINATION

11 BY MR. RILEY:

12 Q GOOD MORNING, MS. HAWKINS.

13 A GOOD MORNING.

14 Q WE NEVER MET OR SPOKE, HAVE WE?

15 A NO.

16 Q I ASSUME YOU SPOKE WITH COUNSEL HERE BEFORE?

17 A YES. AS OF TODAY, YES. I MEAN, TODAY, YES.

18 Q BUT ON THE PHONE ALSO?

19 A JUST STATING WHERE I NEEDED TO BE, YEAH.

20 Q OKAY. NOW, YOUR NORMAL PROCESS IS TO JUST
21 ISSUE A MECHANIC'S LIEN 90 DAYS AFTER THE CONCRETE IS POURED?

22 A YES.

23 Q JUST LIKE CLOCK WORK; RIGHT?

24 A YES.

25 Q HOW MANY MECHANIC'S LIENS DOES ROBERTSON'S
26 ISSUE, SAY, IN A MONTH OR A YEAR?

27 A MAYBE A MONTH, I WOULD SAY MAYBE 50 TO A
28 HUNDRED. NOT REALLY SURE ON THE NUMBERS.

1 Q SO 50 TO A HUNDRED MECHANIC'S LIENS GO OUT AND
2 SOMETIMES LETTERS GO OUT SAYING, HEY, YOUR BILL IS 90 DAYS
3 PAST DUE, PLEASE PAY IT; RIGHT?

4 A YES.

5 Q BUT YOU DON'T KNOW IF A LETTER WENT OUT IN THIS
6 CASE; RIGHT?

7 A NO, I DO NOT.

8 Q YOU HAVE SOME OTHER DOCUMENTS.

9 MR. RILEY: MAY I APPROACH THE WITNESS, YOUR HONOR?

10 THE COURT: ALL RIGHT.

11 Q BY MR. RILEY: COULD I TAKE A LOOK AT WHAT YOU
12 HAVE HERE?

13 THANKS.

14 MS. HAWKINS, THIS IS A SUBPOENA FOR YOU TO
15 APPEAR AT TRIAL; RIGHT?

16 A YES.

17 Q HOW DO YOU KNOW WHAT TO BRING?

18 A WELL, I DIDN'T REALLY KNOW UNTIL I WENT TO WORK
19 AND -- I WAS SUBPOENAED AT MY HOUSE. AND I WENT TO WORK AND
20 JUST KIND OF TRIED TO DO SOME RESEARCH ON MY OWN AND I
21 COULDN'T FIND ANYTHING, SO I CALLED THE NUMBER ON THE LETTER
22 AND I SPOKE TO SHEEMA (SIC) AND HE BASICALLY TOLD ME WHAT IT
23 WAS ALL ABOUT.

24 Q AND WHAT DID HE TELL YOU IT WAS ALL ABOUT?

25 A AS FAR AS I REMEMBER FROM THE PHONE
26 CONVERSATION, IT WAS ABOUT A MECHANIC'S LIEN I PLACED ON A
27 CERTAIN PROPERTY AND I PULLED UP THE INFORMATION ON OUR
28 COMPUTER AT ROBERTSON'S, AND THAT WAS IT.

1 Q WELL, HOW DID YOU -- STRIKE THAT.

2 HOW MUCH CONCRETE WORK HAD ROBERTSON'S DONE FOR
3 CASTLE ASSET MANAGEMENT?

4 A THAT, I DO NOT KNOW.

5 Q WELL, WHEN YOU WERE LOOKING UP IN THE RECORDS
6 TO SEE WHAT THIS WAS ABOUT, YOU DIDN'T PULL UP THEIR PROFILE
7 TO SEE ALL THE WORK THAT HAS BEEN DONE?

8 A NO. ALL I PULLED UP WAS THE NAME AND I DID A
9 SEARCH ON THAT AND PULLED UP THE MECHANIC'S LIEN. I DIDN'T
10 REALLY LOOK FURTHER INTO IT BECAUSE ALL I WAS TOLD THAT I WAS
11 GOING TO NEED TO GO TO COURT TO SAY THAT THAT WAS MY SIGNATURE
12 ON IT FOR THIS MECHANIC'S LIEN, SO I DIDN'T LOOK AT ANY
13 INVOICES OR ANYTHING LIKE THAT TO TELL ME HOW MUCH CONCRETE
14 WAS POURED.

15 Q SO AS YOU SIT HERE TODAY, YOU DON'T KNOW HOW
16 MUCH CONCRETE WAS POURED AT ANY OF THE OTHER SITES BY CASTLE
17 ASSET MANAGEMENT?

18 A NO.

19 Q DO YOU KNOW IF YOU'VE BEEN PAID BY CASTLE ASSET
20 MANAGEMENT BEFORE?

21 A NO, I DO NOT. ONLY FOR THIS MECHANIC'S LIEN.

22 Q SO YOU WERE ASKED TO COME IN AND JUST TALK
23 ABOUT THIS MECHANIC'S LIEN?

24 A YES.

25 Q AND I'LL GIVE YOU YOUR PAPERS BACK.

26 AND SO THE NORMAL PROCESS IS A MECHANIC'S LIEN
27 GOES OUT KIND OF LIKE AN INVOICE; RIGHT?

28 A YES.

1 Q AND THEN MOST PEOPLE PAY YOU OFF AFTER THEY GET
2 A MECHANIC'S LIEN?

3 A YES, MOST OF THE TIME.

4 Q SOMETIMES WHEN PEOPLE DON'T, YOU HAVE TO GO IN
5 AND ASK THE COURT TO HELP GET YOUR MONEY; RIGHT?

6 A RIGHT.

7 Q BUT YOU DIDN'T HAVE TO IN THIS CASE; RIGHT?

8 A THAT, I DON'T REALLY KNOW. I KNOW THAT THE
9 FILE WAS SENT TO OUR LEGAL DEPARTMENT. I DON'T KNOW IF
10 ANYTHING WAS DONE AFTER THAT. ALL I KNOW IS THAT WE RECEIVED
11 A CHECK, I DON'T KNOW IF THERE WAS ANY COURT OR ANYTHING LIKE
12 THAT.

13 Q AND I THINK YOU SAID THAT ONCE A MECHANIC'S
14 LIEN GOES OUT, THE FILE AUTOMATICALLY GOES OVER TO YOUR LEGAL
15 DEPARTMENT?

16 A IF WE DO NOT GET PAID, YES.

17 Q HOW MANY POUR JOBS DOES ROBERTSON'S DO A MONTH?

18 A THAT, I DO NOT KNOW.

19 Q CAN YOU GIVE ME A BALLPARK?

20 A MAYBE HUNDREDS A DAY.

21 Q OKAY.

22 MR. RILEY: I DON'T HAVE ANYTHING FURTHER. THANK YOU
23 VERY MUCH.

24 MR. SAMIMI: BRIEF REDIRECT, YOUR HONOR. TWO
25 QUESTIONS.

26 THE COURT: ALL RIGHT.

27

28 ///

REDIRECT EXAMINATION

BY MR. SAMIMI:

Q JUST WANTED TO VERIFY THAT YOU DON'T ISSUE A
MECHANIC'S LIEN RIGHT AWAY WHEN SOMEBODY MISSES A PAYMENT;
CORRECT?

A NO.

Q YOU WAIT 30 DAYS JUST TO SEND AN INITIAL
LETTER; RIGHT?

A YES.

Q AND THEN ONLY AFTER THEY HAVEN'T PAID FOR
90 DAYS DO YOU ISSUE A MECHANIC'S LIEN; CORRECT?

A CORRECT.

MR. SAMIMI: THANK YOU, YOUR HONOR.

MR. RILEY: NO QUESTIONS.

THE COURT: ALL RIGHT. THANK YOU, MA'AM. YOU MAY
STEP DOWN.

THIS WITNESS MAY BE EXCUSED, I TAKE IT?

ALL RIGHT. WE WILL THEN CONTINUE ON WITH
MS. PLYAM.

MR. RILEY: YES, YOUR HONOR.

THE COURT: ALL RIGHT. MS. PLYAM, HAVE A SEAT.
YOU'RE STILL UNDER OATH; UNDERSTAND?

THE WITNESS: YES.

THE COURT: THANK YOU.

YOU MAY CONTINUE WITH CROSS, MR. RILEY.

MR. RILEY: MAY I APPROACH THE WITNESS, YOUR HONOR?

THE COURT: YES.

MR. RILEY: THANK YOU.

1 NATALIA PLYAM,
2 RESUMED THE WITNESS STAND, HAVING BEEN PREVIOUSLY DULY SWORN,
3 FURTHER TESTIFIED AS FOLLOWS:
4

5 CROSS-EXAMINATION (RESUMED)

6 BY MR. RILEY:

7 Q MS. PLYAM, I'D LIKE TO HAVE YOU TAKE A LOOK AT
8 EXHIBIT 597 AND TELL ME IF THAT IS THE PRECISION OPERATING
9 AGREEMENT?

10 A YES.

11 MR. CROCKETT: OBJECTION, YOUR HONOR, THIS IS A
12 DUPLICATE OF EXHIBIT 10 THAT'S ALREADY IN EVIDENCE, SO I WOULD
13 OBJECT TO ANY FURTHER QUESTIONING OF EXHIBIT 597.

14 THE COURT: ALL RIGHT. LET ME TAKE A LOOK.

15 ALL RIGHT. WANT TO APPROACH?

16 MR. RILEY: YOUR HONOR, WE DON'T NEED TO APPROACH. I
17 THINK IT IS THE SAME, I JUST HAVE IT ON MY SYSTEM SO I CAN
18 DISPLAY IT SO I THINK IT'S THE SAME DOCUMENT.

19 THE COURT: I WANT TO VERIFY. SAME DOCUMENT. LET
20 COUNSEL DISPLAY IT.

21 OVERRULED.

22 MR. CROCKETT: AS LONG AS COUNSEL REFERS TO IT AS
23 EXHIBIT 10, I DON'T HAVE ANY PROBLEM WITH IT.

24 MR. RILEY: THAT'S NOT A PROBLEM.

25 THE COURT: ALL RIGHT. WE'LL CALL IT EXHIBIT 10,
26 THEN.

27 GO AHEAD.

28 Q BY MR. RILEY: OKAY. MS. PLYAM, EXHIBIT 10.

1 WHICH HAS ALREADY BEEN ADMITTED, IS THE LLC OPERATING
2 AGREEMENT. CAN YOU TELL ME HOW OR WHY THIS DOCUMENT WAS
3 CREATED?

4 A YES. IT WAS PULLED OFF THE INTERNET AS JUST A
5 BOILERPLATE AGREEMENT IN ORDER FOR US TO OPEN A BANK ACCOUNT
6 FOR PRECISION DEVELOPMENT. I DIDN'T REALIZE UNTIL I HAD TO
7 OPEN A BANK ACCOUNT THAT WE ACTUALLY NEED TO PRESENT AN
8 OPERATING AGREEMENT, AND SO THIS WAS KIND OF HASTILY PULLED
9 UP.

10 IT LOOKED SHORT ENOUGH AND PRETTY MUCH IT WAS
11 CREATED -- NOT CREATED, BUT JUST PULLED UP FROM THE INTERNET,
12 AS I SAID, AS A BOILERPLATE AGREEMENT TO GET THE BANK ACCOUNT
13 GOING, SO...

14 Q OKAY. AND I'M LOOKING AT THE TOP OF THE
15 AGREEMENT AND IT HAS WHAT APPEARS TO BE APRIL 4TH, 2005.

16 WAS THAT IN AN ANTICIPATION OF FUNDS COMING IN?

17 A YES.

18 Q OKAY. SO THE SOLE PURPOSE OF THIS DOCUMENT WAS
19 CREATED JUST TO OPEN UP A BANK ACCOUNT?

20 A CORRECT.

21 Q THIS DOCUMENT DIDN'T HAVE THE DEAL TERMS FOR
22 THE DEAL THAT MR. RANIERE HAD PROPOSED?

23 A IT REALLY DOESN'T HAVE ANY TERMS, EXCEPT JUST
24 TO HAVE SOMETHING IN WRITING TO OPEN A BANK ACCOUNT IN BANK OF
25 AMERICA WHICH I HAD ASKED WHAT I NEED TO BRING AND THIS IS ONE
26 OF THEIR REQUIREMENTS THAT I NEED TO BRING TO OPEN A BANK
27 ACCOUNT, SO...

28 Q SO WAS THE DEAL OR THE ARRANGEMENT BETWEEN

1 YOURSELF AND MR. RANIERE AT THIS POINT IN TIME JUST A VERBAL
2 ARRANGEMENT?

3 A IT WAS A VERBAL ARRANGEMENT FOR A NUMBER OF
4 YEARS UNTIL 2008, ACTUALLY, SO...

5 Q SO FROM WHEN YOU FLEW BACK FROM ALBANY,
6 NEW YORK UP UNTIL JANUARY OF 2008, ALMOST THREE YEARS IT WAS
7 JUST A VERBAL AGREEMENT?

8 A YES.

9 Q NOW, I WANT TO GO DOWN TO -- LET ME ASK YOU,
10 DOWN HERE AT 2.2, PARAGRAPH 2.2, IT HAS THE NAME AS
11 PRECISION -- I THINK THAT SAYS DEVEL., LLC.

12 DO YOU RECALL -- AND I CAN'T REMEMBER IF I
13 ASKED YOU THIS YESTERDAY -- BUT DO YOU RECALL WHERE THAT NAME
14 CAME FROM?

15 A YEAH. MR. RANIERE THOUGHT THAT WOULD BE AN
16 APPROPRIATE NAME, SO IT WAS KIND OF DONE DURING THE
17 BRAINSTORMING. I DON'T REMEMBER WHETHER IT WAS DONE IN ALBANY
18 OR AFTER WE COME BACK. PROBABLY AFTER WE COME BACK BECAUSE
19 THEY WERE KIND OF THINKING OF DIFFERENT IDEAS AND THAT'S THE
20 NAME HE LIKED AND THAT'S THE NAME -- THAT WAS THE NAME.

21 Q OKAY. DOES MR. RANIERE'S NAME EVEN APPEAR
22 ANYWHERE ON THIS DOCUMENT?

23 A NO.

24 Q ALL RIGHT. LET'S GO DOWN TO PAGE TWO OF THIS
25 LLC AGREEMENT.

26 ALL RIGHT. LET ME -- TAKE A LOOK AT PARAGRAPH
27 2.6.

28 NOW, I UNDERSTAND THAT -- FROM YOUR TESTIMONY

1 THAT THIS REALLY WASN'T THE AGREEMENT, BUT DOES THIS DOCUMENT
2 ALLOW THE MEMBERS TO LEND MONEY TO OR BORROW MONEY FROM THE
3 BUSINESS IF YOU WERE OPERATING UNDER THIS AGREEMENT?

4 MR. CROCKETT: OBJECTION, YOUR HONOR, CALLS FOR A
5 LEGAL CONCLUSION AND THE DOCUMENT SPEAKS FOR ITSELF.

6 THE COURT: I'LL ALLOW IT. OVERRULED.

7 THE WITNESS: YES. IT WOULD APPEAR SO, IN THE BODY OF
8 THE AGREEMENT.

9 Q BY MR. RILEY: SO IT SAYS, "BUSINESS
10 TRANSACTIONS OF A MEMBER WITH A COMPANY, A MEMBER MAY LEND
11 MONEY TO, BORROW MONEY FROM, ACT AS SURETY, GUARANTOR OR
12 ENDORSER FOR, GUARANTEE OR ASSUME ONE OR MORE OBLIGATIONS OF,
13 PROVIDE COLLATERAL FOR AND TRANSACT OTHER BUSINESS WITH THE
14 LLC, AND SUBJECT TO APPLICABLE LAW, SHALL HAVE THE SAME RIGHTS
15 AND OBLIGATIONS WITH RESPECT TO ANY SUCH MATTER AS A PERSON
16 WHO IS NOT A MEMBER."

17 IS THAT WHAT THE DOCUMENT SAYS?

18 A YES, IT DOES.

19 Q NOW, LET'S GO DOWN TO THE BOTTOM SECTION OF
20 PAGE TWO OF THIS AGREEMENT AND LOOK AT THE SECTION WHO ARE THE
21 MEMBERS UNDER THIS DOCUMENT.

22 A I SEE.

23 Q WHO'S IDENTIFIED AS THE MEMBERS ON THIS
24 DOCUMENT?

25 A YURI PLYAM.

26 Q IS ANYONE ELSE IDENTIFIED AS A MEMBER UNDER
27 THIS DOCUMENT?

28 A NO.

1 Q JUST BECAUSE IT GOES ON TO PAGE TWO, I'LL SHOW
2 THAT, TOO, WHERE THERE'S POSITIONS FOR OTHER PEOPLE TO PUT
3 STUFF THERE.

4 THERE'S NO ONE ELSE IDENTIFIED AS A MEMBER
5 UNDER THIS DOCUMENT?

6 A NO.

7 Q SO I WANT TO TAKE YOU TO A SECTION THAT
8 MR. CROCKETT WAS ASKING ABOUT QUICKLY.

9 WELL, FIRST, THIS DOCUMENT HAS YOUR HUSBAND AS
10 THE ONLY MANAGER?

11 A YES.

12 Q SO ACCORDING TO THIS DOCUMENT, HE'S THE ONLY
13 MANAGER AND ONLY MEMBER OF THIS LLC?

14 A YES.

15 Q NOW, GOING DOWN TO SECTION 4.3, THE SECTION
16 THAT MR. CROCKETT WAS TALKING ABOUT, APPROVAL OF EXPENSES OVER
17 \$500, WHO FILLED IN THOSE NUMBERS?

18 A I DID.

19 Q WAS THAT JUST TO FILL IN THE BLANKS SO
20 SOMETHING WAS THERE TO MAKE IT LOOK --

21 A MAKE IT LOOK COMPLETE.

22 Q OKAY. AND SO THEORETICALLY, IF THIS WAS THE
23 AGREEMENT, WHO WOULD MR. -- WOULD YOUR HUSBAND, MR. PLYAM,
24 HAVE TO GET PERMISSION FROM TO SPEND MONEY ON THIS PROJECT?

25 A HIMSELF.

26 Q OKAY. SO WAS THIS THE AGREEMENT?

27 A AT LEAST ON PAPER UNTIL MR. PARLATO SHOWED UP.

28 Q OKAY. AND WHEN WAS IT EXACTLY THAT MR. PARLATO

1 SHOWED UP?

2 A JANUARY 4TH OF 2008, HE CAME TO THE OFFICES.

3 Q NOW, SO FROM APRIL OF 2005 ALL THE WAY UP TILL
4 JANUARY OF 2008, THIS WAS THE ONLY DOCUMENT THAT REALLY TALKED
5 ABOUT THE LLC ITSELF; CORRECT?

6 A YES.

7 Q NOW, DURING THESE THREE YEARS, HAD YOUR HUSBAND
8 TRIED TO GET SOMETHING IN WRITING?

9 A MANY, MANY TIMES. IT WAS GOING BACK AND FORTH.
10 THE PROPOSED AGREEMENT WAS GOING BACK AND FORTH BETWEEN HIM
11 AND MR. RANIERE WHO WAS IN CHARGE, OF COURSE, OF APPROVING
12 EVERYTHING UP IN ALBANY.

13 Q SO THE AGREEMENTS THAT MR. -- THAT YOUR HUSBAND
14 TRIED TO GET SIGNED, TO YOUR KNOWLEDGE, WERE SENT TO
15 MR. RANIERE?

16 A OH, I KNOW THEY WERE.

17 Q AND MR. RANIERE NEVER SIGNED THE DOCUMENT?

18 A HE HAS NOT.

19 Q ALL RIGHT. I WANT TO MOVE ON TO A DIFFERENT
20 AREA FOR A MINUTE.

21 DO YOU RECALL THE OTHER DAY WHEN MR. CROCKETT
22 WAS EXAMINING YOU, HE ASKED YOU ABOUT A FILING OF THE
23 SECRETARY OF STATE?

24 A YES, I REMEMBER THAT.

25 Q AND THAT WAS A STATEMENT OF DOMESTIC STOCK
26 CORPORATION; CORRECT?

27 A YES.

28 Q AND THE ONE THAT HE BROUGHT INTO EVIDENCE WAS

1 ONE BACK IN, WHAT, 2001?

2 A YES, THE FIRST ONE WE EVER DID.

3 Q DO YOU KNOW WHY MR. CROCKETT WAS ASKING YOU
4 ABOUT A DOMESTIC STOCK CORPORATION FILING FOR BACK IN 2001?

5 MR. CROCKETT: OBJECTION, CALLS FOR SPECULATION AND
6 ARGUMENTATIVE.

7 THE COURT: SUSTAINED.

8 MR. RILEY: ALL RIGHT. WELL, LET ME MARK AS A NEW
9 EXHIBIT WITH A NUMBER -- I'M GOING TO MARK AS EXHIBIT 813, A
10 STATEMENT OF INFORMATION FOR A DOMESTIC STOCK CORPORATION OF
11 CASTLE TRADING, INC. FROM 2004. AND I'M HANDING COUNSEL A
12 COPY.

13 I HAVE AN EXTRA COPY FOR THE COURT, IF YOU'D
14 LIKE.

15 THE COURT: ALL RIGHT.

16
17 (EXHIBIT 813 WAS MARKED FOR IDENTIFICATION.)
18

19 MR. RILEY: ALL RIGHT. MAY I APPROACH THE WITNESS,
20 YOUR HONOR?

21 THE COURT: YES.

22 MR. RILEY: OH, I'M SORRY.

23 THE COURT: YES. I'M SORRY.

24 Q BY MR. RILEY: DO YOU RECOGNIZE EXHIBIT 813?

25 A YES.

26 Q AND IS THAT A DOCUMENT THAT YOU FILED ON BEHALF
27 OF CASTLE TRADING, INC.?

28 A YES.

1 MR. RILEY: MOVE TO ADMIT EXHIBIT 813.

2 THE COURT: ANY OBJECTION?

3 MR. CROCKETT: NONE.

4 THE COURT: ALL RIGHT.

5

6 (EXHIBIT 813 WAS ADMITTED INTO EVIDENCE.)

7

8 MR. RILEY: ALL RIGHT. NOW, AT THIS POINT IN TIME I'M
9 GOING TO READ A PORTION OF THE DEPOSITION OF MS. PLYAM --

10 MR. CROCKETT: OBJECTION, HEARSAY.

11 THE COURT: SUSTAINED.

12 IT'S YOUR WITNESS HERE, COUNSEL.

13 MR. RILEY: PARTY DEPOSITION FOR ANY REASON.

14 THE COURT: NO, NO, NO. COME ON, APPROACH.

15 MR. RILEY: OKAY.

16 Q WELL, LET ME ASK YOU THIS. LET ME SHOW YOU
17 YOUR DEPOSITION, MS. PLYAM --

18 MR. CROCKETT: STILL OBJECT, YOUR HONOR.

19 THE COURT: WELL --

20 MR. RILEY: HAVEN'T DONE IT YET.

21 MR. CROCKETT: WELL, IS HE -- HE HASN'T ESTABLISHED
22 THAT HE NEEDS TO REFRESH HER RECOLLECTION, SO HE SHOULDN'T BE
23 SHOWING THE WITNESS ANYTHING.

24 THE COURT: WELL, LET'S HEAR THE QUESTION.

25 MR. CROCKETT: YOUR HONOR, MAY I APPROACH?

26 THE COURT: OKAY.

27

28

(WHEREUPON THE FOLLOWING PROCEEDINGS
WERE HELD AT SIDEBAR:)

THE COURT: OKAY. MR. CROCKETT?

MR. CROCKETT: YES, YOUR HONOR. IT'S APPARENT THAT
MR. RILEY IS GOING TO ESTABLISH PART OF THIS CASE OR BUILD
PART OF THIS CASE ON LITIGATION MISCONDUCT. WE FILED A BRIEF
YESTERDAY SAYING THAT THAT'S COMPLETELY IRRELEVANT AND CAN'T
FORM A BASIS OF ANY CONSIDERATION.

WHAT HE'S GOING TO DO NOW, HE'S GOING TO SAY
THAT MR. CROCKETT SHOULD HAVE KNOWN BETTER; HE ASKED YOU ABOUT
YOUR DOMESTIC STOCK CORPORATION, YOUR VARIOUS FILINGS, WHY DID
HE FILE IN 2001 -- WHY DID HE GIVE YOU 2001 AND EXAMINE YOU ON
THAT INSTEAD OF 2004.

SO I DON'T HAVE A PROBLEM GETTING THE 2004 IN,
BUT TO START RAISING QUESTIONS, WELL, DIDN'T MR. CROCKETT KNOW
THIS, DIDN'T HE SAY THAT, DIDN'T HE ASK.

THE COURT: OKAY. YOU OBJECTED. I SUSTAINED THAT.

DON'T DO THAT, MR. RILEY.

BUT, MR. RILEY, THE RULE IS A DEPOSITION
TRANSCRIPT CAN BE USED BY THE OPPONENT AT ANY TIME, BUT YOU
CAN'T USE YOUR OWN DEPOSITION TRANSCRIPT; OKAY?

MR. RILEY: OKAY.

///

///

///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
2 HELD IN OPEN COURT IN THE PRESENCE OF THE
3 JURY:)

4

5 Q BY MR. RILEY: WELL, LET ME ASK YOU,
6 MRS. PLYAM, ON EXHIBIT 813 --

7 MR. CROCKETT: OBJECTION, SAME OBJECTION AS WE JUST
8 HAD AT SIDEBAR.

9 THE COURT: WELL, I HAVEN'T HEARD THE QUESTION YET,
10 SO --

11 MR. CROCKETT: ALL RIGHT.

12 Q BY MR. RILEY: IN THE UPPER RIGHT-HAND CORNER
13 OF THIS DOCUMENT IT SAYS EXHIBIT 21, WITNESS NATALIA PLYAM,
14 DATE JANUARY 19TH, '10.

15 WAS THIS AN EXHIBIT THAT WAS USED IN YOUR
16 DEPOSITION?

17 MR. CROCKETT: OBJECTION, YOUR HONOR, SAME ONE WE
18 RAISED.

19 THE COURT: ALL RIGHT. SUSTAINED.

20 Q BY MR. RILEY: DID MR. CROCKETT --

21 MR. CROCKETT: SAME ONE.

22 Q BY MR. RILEY: -- ASK YOU ABOUT THIS
23 DOCUMENT --

24 MR. CROCKETT: SAME OBJECTION, YOUR HONOR.

25 Q BY MR. RILEY: -- ASK YOU ABOUT THESE DOCUMENTS
26 IN YOUR DEPOSITION?

27 MR. CROCKETT: WAIT A MINUTE, YOUR HONOR. SAME
28 OBJECTION.

1 THE COURT: SUSTAINED.

2 COUNSEL, MOVE ON.

3 MR. RILEY: I'M SORRY. JUST FOR THE RECORD, I DIDN'T
4 HEAR A LEGAL OBJECTION.

5 MR. CROCKETT: SIDEBAR OBJECTION.

6 THE COURT: YES. SUSTAINED.

7 Q BY MR. RILEY: SO LET'S TAKE A LOOK AT THE
8 STATEMENT OF DOMESTIC STOCK CORPORATION THAT YOU FILED THAT
9 WAS TALKED ABOUT IN YOUR DEPOSITION AND SEE WHAT IT SAYS.

10 MR. CROCKETT: OBJECTION, SAME OBJECTION SIDEBAR.

11 THE COURT: REPHRASE THE QUESTION.

12 SUSTAINED.

13 MR. RILEY: OKAY.

14 Q ALL RIGHT. AND I THINK ON THE 2001 WHEN
15 MR. CROCKETT WAS ASKING YOU ABOUT IT, HE HAD YOU LOOK DOWN AT
16 THIS SECTION UNDER TYPE OF BUSINESS AND HE POINTED OUT THAT IT
17 SAID TRADING COMMODITIES.

18 NOW, THIS ONE YOU FILED IN 2004 ACTUALLY HAS
19 TRADING COMMODITIES AND CONSTRUCTION; CORRECT?

20 A YES.

21 Q AND DID YOU TELL THAT TO MR. CROCKETT AT YOUR
22 DEPOSITION?

23 MR. CROCKETT: OBJECTION, YOUR HONOR.

24 THE COURT: SUSTAINED.

25 COUNSEL?

26 MR. CROCKETT: COULD WE HAVE A DIRECTION THAT THIS NOT
27 CONTINUE?

28 THE COURT: I THINK HE'S MOVING ON NOW.

1 MOVE ON, COUNSEL.

2 MR. RILEY: OKAY.

3 Q ALL RIGHT. LET'S TAKE YOU BACK TO THE NOTEBOOK
4 WHICH IS EXHIBIT 816.

5 A OKAY. ALL RIGHT.

6 Q ALL RIGHT. DO YOU HAVE EXHIBIT 816 IN FRONT OF
7 YOU?

8 A YES.

9 Q OKAY. DO YOU RECALL WHICH PAGE WE LEFT OFF ON?
10 LET ME HAVE YOU TAKE A LOOK AT PAGE 25.

11 A OH, YEAH. OKAY.

12 MR. RILEY: AND, ACTUALLY, IF I MAY APPROACH.

13 IS THE ORIGINAL UP THERE?

14 THE COURT: I HAVE THE ORIGINAL.

15 Q BY MR. RILEY: OKAY. I WANT TO SHOW YOU THE
16 ORIGINAL AND I'M GOING TO DISPLAY IT HERE. LET ME ZOOM OUT
17 FOR A SECOND.

18 OKAY. SO WE WERE LOOKING YESTERDAY ON THE
19 LEFT-HAND SIDE HERE OF THE NOTEBOOK THAT I'M DISPLAYING RIGHT
20 NOW IS EXHIBIT 816, PAGE 25, AND THEN WHERE YOU IDENTIFY
21 THE -- AFTER THE REIMBURSEMENTS THE BALANCE THAT IS OWED TO
22 YOU FOR YOUR LOANS, AND THEN IT APPEARS ON THE RIGHT-HAND
23 SIDE, YOU CONTINUE GOING THROUGH EVENTS INTO THE FUTURE; IS
24 THAT CORRECT?

25 A WELL, NO. I GO BACK AFTERWARDS, AND JUST FOR
26 EASE OF CALCULATION, I PUT IT BACK ON THIS PAGE, SO...

27 Q OKAY.

28 A IT'S KIND OF CRUDE WAY OF DOING THINGS, BUT --

1 Q OKAY.

2 A -- IT WORKED.

3 Q SO, THEN, LET'S MOVE FORWARD IN THE NOTEBOOK
4 AND LET'S GO TO PAGE 27.

5 NOW, ON PAGE 27 THERE IS ON 4/21/2005, IT SAYS,
6 "PICK UP JEEP, \$5,000."

7 DO YOU SEE THAT?

8 A YES.

9 Q OKAY. WHAT WAS THE JEEP USED FOR?

10 A TO LOOK FOR PRECISION PROPERTIES BECAUSE IT'S A
11 FOUR-WHEEL DRIVE. SO WE NEEDED SOMETHING TO GO UP IN THE
12 MOUNTAINS TO LOOK FOR PRECISION PROPERTIES. I MEAN, IT WOULD
13 RUIN THE OTHER CARS GOING UP. JUST EASIER TO TRAVEL IN THAT
14 CAR.

15 Q OKAY. AND THIS JEEP, WHO WAS IT TITLED UNDER?

16 A CASTLE TRADING, INC.

17 Q OKAY. AND AFTER MR. PARLATO CAME TO TOWN IN
18 JANUARY 2008, WHO CONTINUED TO MAKE THE PAYMENTS ON THE JEEP
19 FOR, SAY, THE NEXT YEAR?

20 A I DID.

21 Q NOW, I WANT TO TAKE YOU DOWN TO THE BOTTOM NOTE
22 AT THE BOTTOM HERE, IT SAYS, "ESCROW, REFUND CASTLE TRADING,
23 ALONZO 11,181.91.

24 WHAT ARE THOSE NUMBERS, IF YOU RECALL?

25 A WELL, BEST I CAN TELL YOU, THEY WERE ALONZO'S
26 REFUND WHICH, I GUESS, IF WE GO BACK TO PAGE 25 WOULD BE
27 REFLECTED AND DEBITED AGAINST THE PRECISION BALANCE THAT THEY
28 OWED ME. SO JUST THE DATE AND THE REFUND, SO...

1 Q OKAY. ALL RIGHT. LET'S TURN TO PAGE 28 OF
2 EXHIBIT 816.

3 A OKAY.

4 Q AND THERE APPEARS TO BE A RECAP OF SOME SORTS
5 AND IT INDICATES A BALANCE THERE OF \$14,000 AND CHANGE;
6 CORRECT?

7 A CORRECT.

8 Q AND THAT BALANCE -- IS THAT THE BALANCE THAT IS
9 BASICALLY A CREDIT IN YOUR COLUMN?

10 A YEAH. DEBIT TO PRECISION, CREDIT TO US.

11 Q OKAY. NOW, LET'S CONTINUE ON TO PAGE 29.

12 A OKAY.

13 Q THIS TAKES US INTO APRIL AND MAY.

14 ARE THOSE CONTINUED EXPENSES AS OF -- THEY'RE
15 IDENTIFIED THERE THAT YOU'RE PUTTING OUT OF YOUR OWN MONEY?

16 MR. CROCKETT: AND AT THIS POINT, YOUR HONOR, I'D LIKE
17 TO ASSERT A 352 AND HEARSAY OBJECTION TO TAKING HER THROUGH
18 HER OWN WRITINGS. IT'S JUST IRRELEVANT TO SPEND ALL THIS TIME
19 ON THAT.

20 THE COURT: WANT TO APPROACH BRIEFLY.

21

22 (WHEREUPON THE FOLLOWING PROCEEDINGS

23 WERE HELD AT SIDEBAR:)

24

25 THE COURT: I'M A LITTLE CONCERNED THAT IT IS TAKING
26 UP A LOT OF TIME. YOU'RE JUST GOING PAGE BY PAGE. ON THE
27 OTHER HAND, HE'S ENTITLED TO DO SO.

28 IS THERE SOMEWAY WE CAN SPEED IT UP?

1 MR. RILEY: I WILL SPEED IT UP. I'M ONLY CALLING
2 ATTENTION TO THE IMPORTANT ONES HERE AND THEY --

3 THE COURT: I KNOW.

4 MR. RILEY: THESE GUYS ARE ASKING FOR 20 MILLION
5 AGAINST MY CLIENTS.

6 THE COURT: I UNDERSTAND. LIKE I SAID, I UNDERSTAND
7 WHY YOU'RE DOING IT.

8 MR. CROCKETT: THIS IS NOTHING BUT HEARSAY, YOUR
9 HONOR.

10 THE COURT: BUT, AGAIN, THEIR CLAIM IS IT'S EVIDENCE
11 TO WHAT THE ISSUES WERE BECAUSE YOU ALSO RAISED IN THAT
12 SPREADSHEET THAT THINGS WERE PAID FOR BY PRECISION AND SHE'S
13 DEMONSTRATING HER SIDE OF THE STORY.

14 MR. CROCKETT: CAN I REQUEST AGAIN TO GET PHYSICAL
15 CUSTODY --

16 THE COURT: I KNOW WE'LL TAKE THAT UP LATER.

17

18 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
19 HELD IN OPEN COURT IN THE PRESENCE OF THE
20 JURY:)

21

22 THE COURT: ALL RIGHT. OVERRULED.

23 GO ON.

24 Q BY MR. RILEY: OKAY. SO ON PAGE 29, THOSE ARE
25 ADDITIONAL EXPENSES THAT ARE GOING OUT?

26 A YES.

27 Q OKAY. LET'S TURN TO PAGE 30.

28 A OKAY.

1 Q AT THE TOP, CAN YOU READ THAT FIRST NOTE,
2 NUMBER ONE, FOR MAY 9TH, 2005.

3 A YEAH. "ADVERTISEMENT DRAFTERS, CHECK L.A.
4 TIMES AND MONSTER."

5 Q AND YOU WERE -- WHAT WERE YOU DOING THERE?

6 A WE WERE TRYING TO HIRE MORE DRAFTERS FOR
7 PRECISION. CHECKING ADVERTISING POSSIBILITIES AS WHAT'S
8 CHEAPER, WHERE IS IT CHEAPER TO ADVERTISE.

9 Q LET ME FAST FORWARD YOU TO JANUARY 2008.

10 A OKAY.

11 Q ACTUALLY, JANUARY 2005, NO OFFICE, NO
12 EMPLOYEES, NO EQUIPMENT; CORRECT?

13 A YES.

14 Q JANUARY 2008 YOU HAD AN OFFICE; CORRECT?

15 A YES.

16 Q DO YOU RECALL HOW MANY SQUARE FEET THE OFFICE
17 WAS?

18 A 2700 SQUARE FEET, ROUGHLY.

19 Q CAN YOU TELL ME HOW MANY OFFICES AND WHAT
20 EQUIPMENT WAS IN THAT OFFICE.

21 A YES, I CAN. THERE WAS A MAIN LOBBY IN THE
22 OFFICE AND THERE WAS THREE OR FOUR OFFICES FROM, YOU KNOW,
23 GOING OUT OF THE LOBBY, KIND OF LIKE FINGERS, AND THERE WAS
24 SEVERAL PIECES OF -- THERE WAS A PLOTTER.

25 Q WHAT'S A PLOTTER?

26 A IT'S WHERE YOU PRINT PLANS ON AND IT WAS LEASED
27 FROM CANNON TRADING -- I MEAN, CANNON GRAPHICS, I THINK. IT
28 WAS ANOTHER PLOTTER OR ONE OF THOSE FANCY MACHINES, I DON'T

1 KNOW, BUT I KNOW IT WAS JUST EXPENSIVE THINGS THAT WE WERE
2 LEASING FROM CANNON.

3 IT WAS, OF COURSE, COPIERS, PHONES, DESKS, A
4 LOT OF DRAWERS, COMPUTERS, JUST EVERYTHING THAT THE OFFICE
5 WOULD REQUIRE, PLUS, OF COURSE, 11 PEOPLE WORKING IN THAT
6 OFFICE, JUST IN THE OFFICE TAKING CARE OF DAY-TO-DAY THINGS.

7 BUNCH OF BINDERS WITH PROPERTY INFORMATION, S, A
8 PLANS, PERMITS, JUST EVERYTHING LIKE A REGULAR
9 CONSTRUCTION/DRAFTER BUSY OFFICE. THAT'S SORT OF -- AND
10 CONFERENCE TABLE, BIG CONFERENCE TABLE FOR MEETINGS, SMALL
11 KITCHEN --

12 MR. CROCKETT: OBJECTION, YOUR HONOR, THIS IS --

13 MR. RILEY: NOW --

14 MR. CROCKETT: -- THIS IS DELAY AND 352, IRRELEVANT.

15 THE COURT: WELL, LET'S MOVE ON.

16 Q BY MR. RILEY: HOW MANY EMPLOYEES WERE THERE,
17 SAY, OFFICE EMPLOYEES -- NOT EMPLOYEES, HOW MANY PEOPLE WORKED
18 IN THAT OFFICE ON A REGULAR BASIS IN THE OFFICE?

19 MR. CROCKETT: OBJECTION, IRRELEVANT.

20 THE COURT: OVERRULED.

21 THE WITNESS: 11.

22 Q BY MR. RILEY: AND AS OF JANUARY 2008, HOW MANY
23 OTHER PEOPLE WERE EITHER ON PAYROLL OR WORKING FOR CASTLE
24 ASSET MANAGEMENT?

25 A THE TOTAL OF EMPLOYEES WAS 144. THAT INCLUDED
26 11 PEOPLE IN THE OFFICE.

27 Q SO THIS WAS A PRETTY BIG OPERATION?

28 A YES.

1 Q WHAT SORT OF EQUIPMENT, CONSTRUCTION
2 EQUIPMENT -- LET'S TALK ABOUT THE BIG ITEMS -- DID THE COMPANY
3 HAVE THAT IT WAS USING TO DEVELOP THESE 26 PROPERTIES?

4 A THERE WAS TEN PIECES OF CAT EQUIPMENT, WHICH IS
5 A COUPLE BACKHOES, I THINK. I DON'T KNOW EXACTLY HOW YOU CALL
6 THE THINGS THAT -- EXCAVATORS, THERE YOU GO. TWO LARGE DUMP
7 TRUCKS THAT WERE USED TO TRANSFER SOIL. ONE BIG -- EITHER --
8 550 FORD TRUCK, TWO FORD RANGERS. WE ALSO LOANED THE COMPANY
9 OUR OWN NISSAN TRUCK WHICH WAS BOUGHT IN '04, I BELIEVE. AND,
10 OF COURSE, THE JEEP THAT WE USED FREQUENTLY -- WELL, ALL THE
11 TIME FOR PRECISION AS IT WAS ALIVE. THOSE ARE THE BIG ITEMS.

12 AND, OF COURSE, WE HAD A LOT OF HAND TOOLS. WE
13 RENTED CRANES FROM SEVERAL DIFFERENT COMPANIES. JUST -- I
14 MEAN, WHAT YOU WOULD EXPECT FROM A LARGE CONSTRUCTION COMPANY,
15 WE HAD IT. WE DIDN'T WANT TO RENT. IT WAS CHEAPER FOR US TO
16 FINANCE THE EQUIPMENT THAN TO RENT IT BECAUSE RENT WAS VERY
17 EXPENSIVE, ESPECIALLY, YOU KNOW, SINCE CONSTRUCTION WAS SO HOT
18 AT THE TIME.

19 Q OKAY. IN THE OFFICE, DID YOU KEEP -- DID YOU
20 KEEP DOCUMENTS RELATED TO EACH OF THE PROPERTIES?

21 A YES. IN THE BINDERS, EACH PROPERTY HAD ONE OR
22 MORE BINDERS WITH EVERYTHING FROM GRANT DEED, TO SOILS REPORT,
23 TO PLANS, TO A STREET PERMIT, TO ANY ISSUES WITH NEIGHBORS,
24 ANY COUNCIL MEETINGS THAT WERE REQUIRED, ANY PROPOSED HAUL
25 ROUTES, JUST EVERYTHING THAT WAS NECESSARY TO FURTHER THE
26 PERMIT.

27 AND, OF COURSE, ONCE THE PERMIT WAS ISSUED, IT
28 WAS ADDED TO THE BINDER, AND AS THE CONSTRUCTION PROGRESSED,

1 PROGRESS REPORTS WERE KEPT AS WELL IN THE BINDERS. TREE
2 REPORTS SUCH AS OAK TREE REPORTS, TOPO MAPS --

3 Q OKAY. WE'LL GET THERE IN A SECOND.

4 A OKAY.

5 Q WHEN YOU MENTIONED ALL THIS EQUIPMENT, THE
6 BACKHOES, THE DUMP TRUCKS, THE OFFICE EQUIPMENT, WHOSE NAME
7 WAS PUT ON AS BEING LIABLE FOR ALL OF THAT?

8 A YURI AND I'S. I MEAN, WE HAD TO GUARANTEE
9 EVERYTHING PERSONALLY. THEY NEEDED SOMEBODY TO DO SO.

10 Q NOW, I WANT YOU TO TAKE A LOOK AT WHAT'S BEEN
11 PREVIOUSLY MARKED AS EXHIBIT 805.

12 MR. RILEY: AND MAY I APPROACH THE WITNESS, YOUR
13 HONOR?

14 THE COURT: ALL RIGHT.

15 THE WITNESS: I SEE.

16 Q BY MR. RILEY: DO YOU RECOGNIZE EXHIBIT 805?

17 A I DO.

18 Q AND IS THAT A PHOTOGRAPH OF THE BINDERS THAT
19 YOU KEPT FOR EACH OF THE PROPERTIES?

20 A SOME OF IT.

21 Q OKAY.

22 MR. RILEY: MOVE TO ADMIT EXHIBIT 805.

23 MR. CROCKETT: NO OBJECTION.

24 THE COURT: ALL RIGHT.

25

26 (EXHIBIT 805 WAS ADMITTED INTO EVIDENCE.)

27

28 Q BY MR. RILEY: OKAY. LOOKING HERE AT THE

1 SHELF, SO THIS ONE THAT I CALLED OUT ON PAGE ONE OF
2 EXHIBIT 805 HAS AN ADDRESS FOR -- 22574 UHEA ROAD.

3 WOULD THAT HAVE BEEN YOUR PROPERTY BINDER FOR
4 THAT SPECIFIC PROPERTY?

5 A YES.

6 Q AND YOU KEPT BINDERS LIKE THIS FOR ALL THE
7 PROPERTIES?

8 A YES. MOST OF THE TIME I WOULD HAVE SEVERAL
9 BINDERS BECAUSE JUST AN AMOUNT OF PAPERWORK FOR EACH PROPERTY
10 AND FOR EASE OF FINDING.

11 Q NOW, ALL THE DOCUMENTS RELATED TO THESE
12 PROPERTIES GO INTO THESE BINDERS OR JUST SOME OF THE MORE
13 IMPORTANT DOCUMENTS?

14 A MOST -- WELL, BY ALL DOCUMENTS, ALL THE
15 DOCUMENTS THAT WOULD PERTAIN INTO OBTAINING THE PERMIT AND
16 THEN, OF COURSE, THE PLANS ITSELF, WE HAD A SEPARATE DRAWER
17 LABELED PER PROPERTY BECAUSE, YOU KNOW, PLANS WERE JUST LAYING
18 IN THOSE BIG DRAWERS THAT YOU CAN LAY THE PLANS FLAT SO IT
19 DOESN'T HAVE TO BE ROLLED IN AND OUT. SO, YES.

20 Q SO YOU HAD A SEPARATE FILE CABINET THAT HELD
21 PLANS?

22 A WE HAD TWO FILE CABINETS THAT HELD PLANS, BIG
23 FILE CABINETS WITH FLAT -- LIKE FLAT DRAWERS. I DON'T KNOW,
24 MAYBE FIVE-INCH DRAWER SO THAT YOU CAN KIND OF STACK THE
25 PLANS, SO IT INCLUDED STAMPED PLANS FOR ENGINEERS WE GET BACK,
26 AND, OF COURSE, APPROVED PLANS THAT WOULD HAVE TO BE KEPT AS
27 WELL FOR EACH PROPERTY ONCE THE APPROVAL WAS GAINED FROM THE
28 CITY AND PERMIT FEES WERE PAID.

1 AND THAT, OF COURSE, EACH OF THE BINDERS
2 INCLUDED PAYMENT TO THE CITY FOR EACH STAGE OF APPROVAL LIKE
3 SOILS REPORT, HAUL ROUTE, NOTICES TO NEIGHBORS, WHAT'S KNOWN
4 AS B.T.C., EVERYTHING AND EVERYTHING THAT WOULD HAVE TO DO
5 WITH A PERMIT ON THE PROPERTY, NOT NECESSARILY OTHER THINGS,
6 BUT PERMIT ON THAT PROPERTY WOULD BE KEPT IN THAT BINDER.

7 Q NOW, I'VE STOPPED THE PHOTOGRAPHS ON EXHIBIT
8 805-7 BECAUSE IT IDENTIFIES KNOBHILL.

9 CAN YOU EXPLAIN TO ME -- I WANT TO TALK ABOUT
10 KNOBHILL FOR A SECOND.

11 WHO ORIGINALLY PURCHASED KNOBHILL AND WHO WAS
12 IT FOR?

13 A IT WAS ME AND YURI ORIGINALLY, BUT TO DEVELOP
14 IT AND SELL IT LATER ON. SORT OF SPEC HOUSE, FOR A SPEC
15 HOUSE.

16 Q AND THEN WHAT HAPPENED WITH THAT IDEA OF YOU
17 DEVELOPING IT AS A SPEC HOUSE FOR YOURSELVES?

18 A WELL, WHEN MY MOTHER AND STEPFATHER CAME OUT,
19 THEY LIKED THE PROPERTY AND THEY WERE THINKING THAT THEY WOULD
20 LOVE TO HAVE IT FOR THEMSELVES INITIALLY BECAUSE THEY WOULD --
21 THEY WOULD HAVE LIKED TO RETIRE CLOSE TO US AND TO THEIR
22 GRANDCHILDREN AND SO...

23 Q LET ME GET THEIR NAMES.

24 A SURE.

25 Q WHAT IS YOUR MOTHER'S NAME?

26 A HER NAME IS ANNA LOGVIN, L-O-G-V-I-N. ANNA
27 WITH TWO N'S.

28 Q AND HER HUSBAND'S NAME IS?

1 A BRUCE HEINS, H-E-I-N-S.

2 Q AND WHEN YOU SAID WHEN THEY CAME OUT, WHERE
3 WERE THEY COMING OUT FROM?

4 A HOUSTON.

5 Q AND SO -- I'M SORRY. I INTERRUPTED YOUR STORY,
6 BUT -- SO THEY WERE GOING TO POTENTIALLY MOVE OUT TO
7 LOS ANGELES?

8 A YES. THAT WAS THE PLAN, FOR THEM TO HAVE A
9 HOME THERE, AND TO MOVE -- AS THEY RETIRE, TO MOVE THERE
10 BECAUSE THEY LIKE TO BE CLOSE TO US, FRANKLY, THAT'S THE ONLY
11 REASON.

12 Q CLOSE TO THE GRANDKIDS?

13 A YES, THAT'S -- NOT US, REALLY.

14 Q NOT YOU?

15 A NO. JUST GRANDKIDS, SO...

16 Q SO THEN WHAT HAPPENED AT THE PROPERTY? WHO
17 STARTED TO PAY FOR THE DEVELOPMENT OF THAT PROPERTY, THEN?

18 A WELL, INITIALLY WE DID. WE HAD HIRED AN
19 ARCHITECT, A SOILS ENGINEER, WHAT HAVE YOU. SO MAYBE SIX,
20 SEVEN MONTHS INTO IT, THEY TOOK OVER THE PAYMENTS, AND, IN
21 FACT, STARTED DOING DEVELOPMENT, PULL THE PERMIT, AND STARTED
22 DOING THE FOUNDATION ON THE PROPERTY, JUST PRETTY MUCH
23 EVERYTHING. THEY WERE DOING IT THROUGH MAY OF 2007.

24 Q SO THROUGH MAY OF 2007, YOUR MOTHER AND
25 FATHER-IN-LAW PAID FOR THE DEVELOPMENT OF THE KNOBHILL
26 PROPERTY?

27 A RIGHT. MY STEPFATHER AND MY MOM.

28 Q EXCUSE ME.

1 A YEAH.

2 Q AND THEY PAID FOR THAT WITH THEIR OWN FUNDS, TO
3 YOUR KNOWLEDGE?

4 A THEY DID. THEY HAD THEIR RETIREMENT SAVINGS.
5 THEY BOTH WORKED FOR THE PAST 30 YEARS, SO...

6 Q WHAT HAPPENED IN MAY OF 2007? HOW DID THAT
7 ARRANGEMENT CHANGE?

8 A THEY BASICALLY WANTED TO GO BACK TO HOUSTON.
9 THEY WANTED TO GET BACK TO THEIR JOBS AND ALSO JUST -- THEY
10 HADN'T REALIZED THAT IT WAS SO TAXING TO BE IN THE
11 CONSTRUCTION BUSINESS, FRANKLY SPEAKING, AND THEY WANTED TO GO
12 BACK HOME.

13 AND YURI SAID, "WELL, WE SHOULD JUST HAVE, YOU
14 KNOW, PRECISION DEVELOP THE PROPERTY AND THEN EVENTUALLY
15 YOU'LL GET YOUR MONEY BACK," WHICH, OF COURSE, NEVER HAPPENED.

16 SO -- BUT BASICALLY THEY LEFT AND PRECISION
17 STARRED DEVELOPING THE PROPERTY. THE FOUNDATION WAS JUST --
18 OH, GOD, I DON'T KNOW, MAYBE HALFWAY COMPLETED AT THE TIME, SO
19 IT WAS PRETTY MUCH A GOOD DEAL FOR PRECISION BECAUSE --

20 Q SO THE PROPERTY, THEN, WAS JUST GOING TO BECOME
21 ONE OF PRECISION'S PROPERTIES?

22 A RIGHT. WE WERE GOING TO FINISH THE FOUNDATION
23 AND THEN GET A LOAN AND THAT'S ACTUALLY ONE OF THE PROPERTIES
24 WE APPLIED FOR A LOAN BACK IN AUGUST, SEPTEMBER 2007. IT WAS
25 PART OF SIX PROPERTIES THAT WAS APPLIED FOR THROUGH THE
26 BROKERAGE SMITH -- I CAN'T REMEMBER THE NAME RIGHT NOW, BUT
27 IT'S THE SAME PEOPLE WHO BROKERED THE ONE ON LIBBIT, BUT I
28 KNOW EVENTUALLY FIRST CENTURY BANK APPROVED THE LOAN.

1 ULTIMATELY THEY GAVE US --

2 Q WE'LL GET TO THE LOAN LATER ON --

3 A OKAY.

4 Q -- IN YOUR TESTIMONY.

5 WAS THIS -- THE KNOBHILL PROPERTY A GOOD FIT
6 FOR PRECISION'S DEVELOPMENT?

7 A IT WAS PERFECT, BECAUSE IT WAS JUST DOWN THE
8 HILL FROM OAKFIELD LOT AND IT WAS ACROSS THE STREET FROM
9 SUMAC, SO IT WAS -- IT REALLY FIT THE PROFILE PERFECTLY
10 BECAUSE -- I MEAN, IT'S BEAUTIFUL. IT'S HIGH-END AREA.

11 ACTUALLY, AS MY MOM STARTED DEVELOPING THAT
12 PROPERTY AND MY STEPDAD, THERE WAS A BRAND NEW HOME BUILT
13 RIGHT NEXT TO IT, SO IT WAS REALLY -- IT WAS A VERY, VERY NICE
14 AREA AND JUST MAYBE A BLOCK FROM VENTURA, SO IT WAS A HIGHLY
15 DESIRABLE NEIGHBORHOOD AND IT WAS JUST A PERFECT FIT BECAUSE
16 OAKFIELD WAS ABOVE AND SUMAC WAS ACROSS, SO IT WAS REALLY --
17 AND HILLSIDE, OF COURSE, SO...

18 Q SO DO YOU KNOW APPROXIMATELY HOW MUCH MONEY WAS
19 PUT INTO THE PROPERTY INCLUDING WHAT YOU PAID FOR THE PROPERTY
20 PERSONALLY AND WHAT YOUR MOM PUT IN, IN DEVELOPMENT?

21 A HALF A MILLION.

22 Q AND WHAT WAS YOUR IDEA OF TRANSFERRING IT IN?
23 WERE YOU GOING TO MAKE MONEY BY PUTTING IT INTO PRECISION?

24 A NO. WE PAID 60,000 IN 2004 AND ALTHOUGH
25 NEXT -- THE PROPERTY NEXT TO IT WAS SELLING FOR 120,000. WE
26 THOUGHT -- I MEAN, WE'RE NOT GOING TO -- WE'RE NOT GOING TO,
27 YOU KNOW, MAKE MONEY AND -- JUST DO IT AT COST, WHATEVER WAS
28 THE COST.

1 AND SO WE FIGURED AS THE LOAN WAS GETTING
2 APPROVED THROUGH PRECISION, YOU KNOW, THEY WILL JUST --
3 THEY'LL JUST TRANSFER IT INTO PRECISION'S NAME AND IT REALLY
4 WASN'T A BIG DEAL.

5 Q AND SO THE IDEA WAS JUST TO PAYBACK -- TRANSFER
6 IT AT COST AND THEN THE DEVELOPMENT, PRECISION OR THIS ORAL
7 ARRANGEMENT WOULD REAP THE PROFIT AND SPLIT IT HOWEVER THAT
8 WAS AGREED TO BE SPLIT?

9 A CORRECT.

10 Q OKAY. ALL RIGHT. LET ME HAVE YOU TAKE A LOOK
11 AT WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 806.

12 A OKAY.

13 Q HOLD ON ONE SECOND. I'M SORRY. LET ME BACK
14 UP.

15 CAN YOU GO TO WHAT'S BEEN PREVIOUSLY MARKED AS
16 EXHIBIT 809.

17 DO YOU NEED ANOTHER BINDER?

18 A YEAH. I'M SORRY. I DO. I APOLOGIZE. HERE IT
19 IS. YEAH.

20 OKAY. I SEE IT. KNOBHILL DOCUMENTS. YEAH, I
21 SEE IT.

22 Q CAN YOU THUMB THROUGH THOSE AND TELL ME IF YOU
23 RECOGNIZE WHAT THOSE DOCUMENTS ARE IN EXHIBIT 809.

24 A I DO.

25 Q AND WHAT ARE THOSE DOCUMENTS?

26 A IT'S ALL THE EXPENDITURES FOR KNOBHILL STARTING
27 IN 2004 AND ENDING ROUGHLY IN MAY OF '07. I THINK MAY, IF I
28 RECALL CORRECT. SOMETIME MAY '07. MAY 18 I WANT TO SAY WAS

1 THE LAST DATE.

2 Q OKAY.

3 MR. RILEY: MOVE TO ADMIT EXHIBIT 809.

4 MR. CROCKETT: OBJECTION, YOUR HONOR, HEARSAY.

5 THE COURT: MR. RILEY?

6 Q BY MR. RILEY: ARE THESE -- TO YOUR KNOWLEDGE,
7 ARE THESE DOCUMENTS IDENTIFYING THE EXACT SUMS AND RECEIPTS
8 FOR WORK THAT WAS DONE ON THIS PROPERTY?

9 A YES.

10 Q AND WERE THESE THE RECEIPTS THAT WERE PART OF
11 THE KNOBHILL PROJECT AS IT WENT FORWARD WITH PRECISION?

12 A YES.

13 MR. RILEY: MOVE TO ADMIT.

14 MR. CROCKETT: OBJECTION, YOUR HONOR. I CAN EXPLAIN.

15 THE COURT: YOU WANT TO APPROACH?

16 ACTUALLY, LET'S DO THIS.

17 LADIES AND GENTLEMEN, LET'S TAKE OUR MORNING
18 BREAK. SO, AGAIN, DON'T TALK ABOUT THE CASE AMONGST
19 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE. COME
20 BACK AT 11:00 O'CLOCK IN FRONT OF THE COURTROOM.

21 MA'AM, YOU MAY STEP DOWN.

22 THE WITNESS: THANK YOU.

23

24 (A RECESS WAS TAKEN AT THIS TIME.)

25

26 ///

27 ///

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
2 HELD IN OPEN COURT OUTSIDE THE PRESENCE OF THE
3 JURY:)

4
5 THE COURT: ALL RIGHT. YOU WANT TO ADDRESS IT NOW
6 OUTSIDE THE PRESENCE OF THE JURORS AND ALTERNATES. THEY'RE
7 ALL GONE.

8 MR. CROCKETT: YES. YES, YOUR HONOR.

9 FIRST OF ALL, I'D REALLY LIKE TO GET PHYSICAL
10 CUSTODY OF THIS DOCUMENT SO I CAN --

11 THE COURT: WAIT, WAIT. WE'RE TALKING ABOUT 809?

12 MR. RILEY: YES, WE ARE, YOUR HONOR.

13 MR. CROCKETT: FINE, YOUR HONOR.

14 809, FOR INSTANCE, AT PAGE 12 CONTAINS SOME
15 SORT OF DECLARATION OR STATEMENT BY THE FATHER-IN-LAW,
16 EXPLANATORY NOTES. THIS WAS DONE A FEW DAYS AFTER LITIGATION
17 STARTED, AND THEN I RECOGNIZE THE SPREADSHEETS THAT ARE
18 PREPARED BY MR. FRANKEL, THEIR PREVIOUS LITIGATION EXPERT, NOT
19 RETAINED UNTIL ABOUT -- WELL, HE WAS RETAINED AT THE START OF
20 THE CASE, BUT, FOR INSTANCE, 809-22 IS A FRANKEL SPREADSHEET,
21 809-21 IS A FRANKEL SPREADSHEET, 20 IS A FRANKEL SPREADSHEET,
22 AND THESE -- THIS SPREADSHEET ON 809-14 IS NOT ANYTHING I'VE
23 EVER SEEN PRODUCED IN DISCOVERY BEFORE. IT DOESN'T HAVE A
24 BATES STAMP ON IT. 809-91 APPEARS TO BE SOME SORT OF
25 REGISTER, BUT THAT'S NEVER BEEN PRODUCED IN DISCOVERY BEFORE.
26 IT DOESN'T HAVE A BATES STAMP ON IT.

27 AND SO I HAVE TWO COMBINED OBJECTIONS. NUMBER
28 ONE, IT'S HEARSAY. NUMBER TWO, NOT PREVIOUSLY PRODUCED.

1 FOR INSTANCE, THERE ARE BANK RECORDS. 809-59
2 AND 60, THESE APPEAR TO BE BANK STATEMENTS AND THESE ARE NOT
3 BANK STATEMENTS THAT ARE PREPARED IN THE PLYAMS' ORDINARY
4 COURSE OF BUSINESS, BUT THEORETICALLY BY SOME BANK, NOT THEM.

5 THE COURT: OKAY.

6 MR. CROCKETT: SO IT'S SORT OF ARGUMENTATIVE. IT'S
7 ASSEMBLING IN AN ARGUMENTATIVE WAY, SPREADSHEETS PREPARED BY
8 THEIR EXPERT, THE STATEMENT PREPARED BY A FATHER-IN-LAW AFTER
9 LITIGATION STARTED, AND BANK RECORDS THAT THEY DIDN'T PREPARE.

10 MR. RILEY: FIRST OF ALL, THOSE AREN'T SPREADSHEETS
11 PREPARED BY AN EXPERT. THEY'RE ACTUALLY PREPARED BY
12 MR. HEINS. AND, YOUR HONOR, WE CAN TABLE THIS FOR NOW. I'LL
13 CALL MR. HEINS AND HE CAN AUTHENTICATE EVERY SINGLE DOCUMENT
14 IN THERE. THEY'RE HIS CHECKS. THEY'RE HIS STATEMENTS, HIS
15 SPREADSHEETS.

16 THE COURT: OKAY. JUST TO MOVE THINGS ALONG, IT SEEMS
17 TO ME THE CHECKS WOULD BE APPROPRIATE. I AGREE IF THEY'RE
18 DOCUMENTS THAT WERE PREPARED AFTER THE LITIGATION HAS
19 COMMENCED, THAT MAY BE AN ISSUE. ALTHOUGH, YOU MAY BE ABLE TO
20 BRING MR. HEINS IN AND HE'LL TESTIFY TO IT, IN ANY EVENT.

21 BUT IT DOESN'T SEEM TO ME THAT THIS IS WHAT I
22 HAD UNDERSTOOD TO BE A -- JUST A MERE PACKAGE OF ALL THE
23 DOCUMENTS THAT HAD BEEN ONGOING DURING THE PROJECT.

24 SO I WILL SUSTAIN THE OBJECTION, IN PART, TO
25 THE EXTENT THAT IT'S ASKING -- IT'S SEEKING ADMISSION OF
26 EVIDENCE WHICH SEEMS TO ME TO BE MADE AFTER THE LITIGATION
27 COMMENCED. BUT, AGAIN, SUBJECT TO MR. HEINS AUTHENTICATING
28 SOME OF IT.

1 THAT DOESN'T SEEM TO ME -- BUT, AGAIN, I
2 WOULDN'T HAVE A PROBLEM WITH ADMITTING THE CHECKS IF THEY WERE
3 ALL --

4 MR. RILEY: SO FOR THE TIME BEING, YOUR HONOR, I'LL
5 MOVE TO ADMIT 809, PAGE 23 THROUGH 58.

6 MR. CROCKETT: IT'S JUST HEARSAY, YOUR HONOR. IT'S
7 DOCUMENTS PREPARED BY SOMEBODY ELSE.

8 THE COURT: BUT MS. PLYAM TESTIFIED THAT THEY WERE, IN
9 ESSENCE, KEPT AS BUSINESS RECORDS, THE WAY I UNDERSTAND IT.

10 MR. CROCKETT: THEY'RE NOT HER BUSINESS RECORDS. AS
11 YOU'LL SEE, IT SAYS ON THESE CHECKS ANNA N. LOGVIN, DBA A&B
12 BUILDERS. THEY'RE NOT HERS, THEY'RE SOMEBODY ELSE'S.

13 MR. RILEY: YOUR HONOR --

14 THE COURT: BUT THEY'RE --

15 MR. RILEY: AND COUNSEL HAS SUBPOENAED EVERY SINGLE
16 ONE OF THESE.

17 THE COURT: OKAY. OKAY. LOOK, YOU TWO TALK ABOUT IT.

18 RIGHT NOW I'M INCLINED TO ADMIT THEM. I
19 UNDERSTAND WHAT YOUR POSITION IS, BUT ON THE OTHER HAND, THEY
20 WERE KEPT AS PART OF THE KNOBHILL DOCUMENTATION WHICH IS WHAT
21 MS. PLYAM HAS TESTIFIED TO.

22 AND IF I UNDERSTAND IT CORRECTLY FROM
23 MR. RILEY'S REPRESENTATION, YOU HAVE RECEIVED COPIES OF THESE
24 DOCUMENTS; CORRECT?

25 MR. CROCKETT: NO, YOUR HONOR.

26 THE COURT: NO? YOU CLAIM YOU'VE NEVER SEEN 809-24
27 THROUGH 59?

28 MR. CROCKETT: THIS ACCOUNT I'VE NEVER SEEN BEFORE.

1 THIS PARTICULAR ACCOUNT I'VE NEVER SEEN BEFORE. NOW, I COULD
2 BE WRONG. I'VE GOT A LOT TO DEAL WITH, BUT THIS IS NOT A --
3 THIS IS ANNA N. LOGVIN AND A&B BUILDERS' ACCOUNT AND WE
4 DIDN'T -- WE SUBPOENAED THE ACCOUNT RECORDS OF THE PLYAMS.
5 THIS IS NOT THE PLYAMS.

6 MR. RILEY: YOU'VE GOT FIVE SUBPOENAS OUT TO -- WITH
7 ANNA LOGVIN'S NAME ON THERE, A&B BUILDERS' NAME ON THERE --

8 MR. CROCKETT: I COULD BE WRONG, BUT I'D LIKE TO SEE
9 THE BATES NUMBER ON IT.

10 THE COURT: TAKE A LOOK AT IT AND I'LL ADMIT THEM
11 PROVISIONALLY IF YOU WANT TO SHOW ME THEY WEREN'T PRODUCED.

12 MR. CROCKETT: AND, AGAIN, YOUR HONOR, I MUST
13 RESPECTFULLY REQUEST THE RIGHT TO OBTAIN PHYSICAL POSSESSION
14 OF THIS NOTEBOOK SO THAT I CAN HAVE AN EXPERT LOOK AT IT.

15 THE COURT: MR. RILEY, WHAT DO YOU SAY? JUST TO
16 SHORTCUT THINGS.

17 MR. RILEY: I'M JUST CONCERNED ABOUT WHAT'S GOING TO
18 HAPPEN TO IT. THAT'S MY CONCERN.

19 MR. CROCKETT: WELL, WE HAVE A PHOTOGRAPH -- WE HAVE A
20 PHOTOCOPY OF IT, AND I CAN ASSURE THE COURT THAT THIS WAS
21 NEVER PRODUCED TO US.

22 THE COURT: OKAY. I GOT THAT. I'M NOT WORRIED ABOUT
23 THAT. I'M JUST TRYING TO SHORTCUT THE ISSUE.

24 MR. RILEY: YOUR HONOR, I DON'T HAVE A PROBLEM. I
25 HAVE ISSUES WITH CUSTODY ON DOCUMENTS AND I JUST -- THAT'S MY
26 CONCERN, AND SO -- THIS IS THE ORIGINAL.

27 THE COURT: CORRECT.

28 MR. RILEY: AND SO, I DON'T KNOW, IS HE TALKING ABOUT

1 DESTRUCTIVE TESTING?

2 MR. CROCKETT: NO.

3 MR. RILEY: WHAT IS HE TALKING ABOUT?

4 THE COURT: NO DESTRUCTIVE TESTING?

5 MR. CROCKETT: NO DESTRUCTIVE TESTING, JUST AN EXPERT
6 LOOKING AT IT.

7 MR. RILEY: AND HOW LONG IS HE GOING TO HAVE THIS
8 DOCUMENT?

9 THE COURT: YEAH. LET'S --

10 MR. RILEY: LET'S COME BACK AND DO THIS AT THE END OF
11 THE DAY, YEAH.

12 THE COURT: LET'S COME BACK -- BUT PROVISIONALLY
13 YOU'LL PROBABLY BE ABLE TO DO IT, BUT WORK OUT SOME SORT OF
14 AGREEMENT BETWEEN THE TWO OF YOU.

15 MR. RILEY: ALL RIGHT.

16

17 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
18 HELD IN OPEN COURT IN THE PRESENCE OF THE
19 JURY:)

20

21 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND
22 GENTLEMEN. JURORS AND ALTERNATES ARE PRESENT. COUNSEL ARE
23 PRESENT. PARTIES ARE PRESENT.

24 MS. PLYAM, HAVE A SEAT. YOU'RE STILL UNDER
25 OATH; UNDERSTAND?

26 THE WITNESS: YES.

27 THE COURT: MR. RILEY, YOU MAY CONTINUE.

28 MR. RILEY: YOUR HONOR, AT THIS POINT I'D LIKE TO MOVE

1 INTO EVIDENCE EXHIBIT 809, PAGES 23 THROUGH 58.

2 MR. CROCKETT: PRIOR OBJECTIONS, YOUR HONOR, NOTED.

3 THE COURT: ALL RIGHT. OVERRULED.

4

5 (EXHIBIT 809, PAGES 23-58, WAS ADMITTED
6 INTO EVIDENCE.)

7

8 Q BY MR. RILEY: ALL RIGHT. I'M DISPLAYING RIGHT
9 NOW 809-23 WHICH APPEARS JUST TO BE A SEPARATOR PAGE, AND
10 809-24 APPEARS -- EXCUSE ME -- TO BE SOME CHECKS.

11 LET ME TAKE A LOOK AT THIS TOP ONE AND SEE IF
12 WE CAN READ IT A LITTLE BIT BETTER.

13 SO ON THERE IT HAS ON THE CHECK NAME, IT SAYS
14 ANNA N. LOGVIN, DBA A&B BUILDERS.

15 WAS THAT A DBA THAT YOUR MOTHER USED IN DOING
16 THIS CONSTRUCTION ON KNOBHILL?

17 A MY MOTHER AND STEPFATHER, ANNA AND BRUCE. AND
18 IT WOULD COME -- THE CHECKS WOULD COME TO OUR ADDRESS IN
19 NORTHRIDGE, SO...

20 Q SO THE ADDRESS ON THE CHECK THERE IS 9- --

21 A 9813 ALDEA IN NORTHRIDGE. SO I WOULD BE IN
22 POSSESSION OF THOSE CHECKS.

23 Q OKAY. AND SO THESE ARE JUST --

24 A LABOR PAID -- WELL, FIRST BATCH WAS LABOR PAID,
25 A WEEKLY LABOR PAY.

26 Q THERE'S ONE IN THE MIDDLE, ED AND LIL'S
27 TRANSPORT FOR 2,040.

28 WAS ED AND LIL'S A NORMAL VENDOR THAT YOU USED

1 IN THE CONSTRUCTION?

2 A YES. THEY'RE GUYS WHO HAUL DIRT FROM
3 PROPERTIES, BASICALLY. WHEN YOU DO THE EXCAVATION, THE DIRT
4 HAS TO GO SOMEPLACE AND THESE FOLKS WOULD COME WITH TRUCKS AND
5 PICK IT UP EVERYDAY, I THINK ONCE A DAY, THAT WAS MY
6 UNDERSTANDING. SOMETIMES MORE DEPENDING ON HOW MUCH DIGGING
7 AND EXCAVATION WOULD BE DONE.

8 Q OKAY. AND SO YOUR -- YOUR UNDERSTANDING IS
9 THAT IT WAS APPROXIMATELY \$500,000 THAT WAS SPENT IN
10 DEVELOPING BEFORE THE PROPERTY CAME TO PRECISION?

11 A CORRECT. IT INCLUDED THE PURCHASE PRICE AS
12 WELL AND, OF COURSE, ENGINEERING AND SUCH.

13 Q AND THE PURCHASE PRICE WAS THE MONEY THAT YOU
14 PAID, I THINK --

15 A \$60,500.

16 Q OKAY.

17 A TO THE BEST OF -- YEAH, ROUGHLY 60,000.

18 Q OKAY. NOW I WANT YOU TO TAKE A LOOK AT --
19 EXCUSE ME.

20 LET'S HAVE YOU TAKE A LOOK AT EXHIBIT 806.

21 A OKAY. I SEE.

22 Q CAN YOU THUMB THROUGH AND TELL ME WHAT EXHIBIT
23 806 IS.

24 A YES. IT LOOKS LIKE CONTENTS OF A BINDER TITLED
25 22560 UHEA, LOTS 86 TO 90, AND IT LOOKS SOME APPLICATION FOR
26 BUILDING PERMIT AND CERTIFICATE OF OCCUPANCY.

27 Q SO ARE THOSE -- IN THAT EXHIBIT, ARE THOSE THE
28 DOCUMENTS THAT WERE KEPT IN THE PROPERTY BINDER FOR THAT

1 PROPERTY?

2 A YES.

3 MR. RILEY: MOVE TO ADMIT EXHIBIT 806.

4 MR. CROCKETT: OBJECTION, YOUR HONOR, HEARSAY, NOT
5 ORDINARY COURSE OF BUSINESS DOCUMENTS. THERE ARE LAWYER
6 LETTERS IN THERE, AMONG OTHER THINGS.

7 THE COURT: IT LOOKS TO BE A LITTLE BIT VOLUMINOUS,
8 COUNSEL, FOR ME TO LOOK FROM THIS POINT.

9 MR. RILEY: BUT, YOUR HONOR, I'VE SHOWN ALL THE
10 PROPERTY BINDERS AND I JUST BROUGHT ONE IN AS A SAMPLE. I'M
11 NOT GOING THROUGH 26 PROPERTY BINDERS.

12 THE COURT: I KNOW, BUT THE DOCUMENTATION ITSELF IS
13 TWO INCHES THICK AND TO GO THROUGH EACH PAGE TO MAKE SURE,
14 I'LL WITHHOLD RULING ON THE OBJECTION.

15 MR. RILEY: MAY I DISPLAY CERTAIN PAGES, THEN, OF
16 THE --

17 THE COURT: ONE AT A TIME.

18 MR. CROCKETT: OBJECTION, YOUR HONOR, HEARSAY.

19 THE COURT: WELL, DEPENDING ON WHAT THE PAGES ARE.

20 MR. RILEY: OKAY. ALL RIGHT. PERMISSION TO DISPLAY
21 THE FIRST PAGE.

22 THE COURT: YOU MEAN 806-1?

23 MR. RILEY: YES.

24 THE COURT: OKAY.

25 MR. CROCKETT: NO OBJECTION.

26 THE COURT: ALL RIGHT.

27 Q BY MR. RILEY: THAT APPEARS TO BE JUST THE
28 SPINE OF THE PROPERTY BINDER?

1 A YES.

2 Q OKAY. AND WHEN IT SAYS -- IT'S HARD TO READ
3 HERE -- IT SAYS LOTS 86 TO 90 FOR UHEA.

4 HOW MANY LOTS WERE THERE ON UHEA?

5 A I BELIEVE THERE WERE FIVE LOTS. AND WE DID A
6 LOT TIE TO SEVERAL OF THEM, SO -- BECAUSE FIVE LOTS YOU HAVE
7 TO TIE UP -- SOME OF THEM WERE SMALL AND SO WE JUST TIED
8 SEVERAL LOTS TOGETHER TO MAKE IT INTO THREE PARCELS TO BUILD
9 THREE HOMES, SO...

10 Q DO YOU RECALL WHAT YOU PAID FOR THE FIVE LOTS
11 ON UHEA?

12 A I THINK 375,000 FOR THE THREE LOTS, OR FIVE
13 LOTS, WHATEVER THE CASE MAY BE HERE.

14 Q SO IT STARTED AT LIKE FIVE, BUT YOU TURNED IT
15 INTO THREE LOTS?

16 A CORRECT. WE DID A LOT TIE WITH THE CITY, SO...

17 Q DID THAT INVOLVE SOME WORK?

18 A KIND -- WELL, IT INVOLVED -- I BELIEVE IT
19 INVOLVED THE TOPO GUY MAKING THE MAP SHOWING HOW -- THE
20 PROPOSED LOT TIES AND THEN THE CITY HAS TO APPROVE THAT YOU
21 PAY A CERTAIN AMOUNT OF MONEY, NOT A HUGE AMOUNT, MAYBE -- I
22 DON'T KNOW, 3-, \$400, AND THEN IT GOES INTO RECORDING AS A LOT
23 TIE.

24 SO IT'S A STANDARD LOT SIZE, NOT TOO SMALL TO
25 BUILD, OR WHAT HAVE YOU.

26 Q ALL RIGHT. PLEASE TAKE A LOOK AT -- EXCUSE ME
27 -- PAGE 18 THROUGH -- LET'S GO 18 THROUGH 29.

28 DO YOU RECOGNIZE THOSE DOCUMENTS?

1 A I DO.

2 Q AND ARE THOSE DOCUMENTS PART OF THE SOILS
3 TESTING?

4 A YES.

5 MR. RILEY: PERMISSION TO DISPLAY AND ADMIT THOSE
6 PAGES.

7 MR. CROCKETT: OBJECTION, YOUR HONOR, HEARSAY.

8 THE COURT: WHY DON'T YOU APPROACH.

9

10 (WHEREUPON THE FOLLOWING PROCEEDINGS
11 WERE HELD AT SIDEBAR:)

12

13 THE COURT: I THINK I NEED A LITTLE BIT MORE
14 FOUNDATION, BUT GO AHEAD ON YOUR HEARSAY.

15 MR. CROCKETT: YOUR HONOR, THIS IS PREPARED BY
16 SOMEBODY ELSE. THIS IS NOT SOMETHING THAT THEY PREPARED.
17 IT'S NOT AN ORDINARY BUSINESS RECORD THAT THEY PREPARED.

18 THE COURT: IT'S PART OF THE PROPERTY THAT'S AT ISSUE
19 HERE, IS IT NOT?

20 MR. CROCKETT: WELL, IT IS NOT PREPARED BY THEM, SO IT
21 DOESN'T FALL INTO ANY HEARSAY OBJECTION -- IT DOESN'T FALL IN
22 ANY HEARSAY EXCEPTION. ORDINARY BUSINESS RECORDS ARE THOSE
23 THAT ARE PREPARED BY ONE HAVING AUTHORITY TO DO SO.

24 THE COURT: OR KEPT IN THE COURSE OF ORDINARY
25 BUSINESS.

26 MR. CROCKETT: BUT THIS IS -- BUT THAT'S BLANKET --
27 THAT BECOMES THE AUTHENTICITY ISSUE. THIS IS NAKED HEARSAY.
28 IT'S PREPARED BY SOMEBODY ELSE.

1 THE COURT: LIKE I SAID, SHE CAN LAY THE FOUNDATION.
2 SHE RECEIVED IT, SHE ASKED FOR IT, SHE GOT IT. THIS IS A
3 PROPERTY ISSUE. I WANT TO SPEED IT UP.

4 MR. RILEY: I'M NOT GOING TO GO THROUGH ANY OF THESE
5 DETAILS.

6 MR. CROCKETT: THIS IS PROPERTY THEY TOOK. I DON'T
7 KNOW WHY IT'S AT ISSUE. IT'S PROPERTY THAT'S IN THEIR NAME.

8 THE COURT: WAIT, WAIT, WAIT.

9 GO AHEAD, MR. RILEY. WHAT WERE YOU GOING TO
10 SAY?

11 MR. RILEY: ALL I WANT TO DO IS ESTABLISH THESE
12 DOCUMENTS, THEY'RE DOCUMENTS THEY GOT IN ORDINARY COURSE, THEY
13 ORDERED IN TESTING, SHOWING HOW THINGS ARE SET UP. THEY'RE
14 MAKING IT SEEM LIKE MY CLIENTS --

15 THE COURT: I KNOW. I'M TRYING TO GET TO THE POINT.

16 MR. RILEY: I'M GOING TO SPECIFIC THINGS AND TRYING TO
17 SPEED IT AS QUICKLY AS I CAN.

18 MR. CROCKETT: I THINK THEY'RE TRYING TO FILIBUSTER
19 FOR A MISTRIAL. THAT'S WHAT'S HAPPENING.

20 THE COURT: NO, NO, NO. I'M TRYING TO GET YOU GUYS TO
21 MOVE ALONG HERE.

22 LOOK, YOU ONLY HAVE TWO OR THREE OF THESE
23 DOCUMENTS, CORRECT --

24 MR. RILEY: YEAH.

25 THE COURT: -- THAT YOU WANT TO TALK ABOUT?

26 MR. RILEY: YEAH.

27 THE COURT: THAT'S IT. SPEED IT UP.

28 OVERRULED.

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
2 HELD IN OPEN COURT IN THE PRESENCE OF THE
3 JURY:)

4
5 THE COURT: YOU MAY PROCEED.

6 MR. RILEY: PERMISSION TO ADMIT AND DISPLAY 806-18
7 THROUGH 29.

8 THE COURT: ALL RIGHT.

9
10 (EXHIBIT 806-18 THROUGH 29 WERE ADMITTED INTO
11 EVIDENCE.)

12
13 Q BY MR. RILEY: SO IN DEVELOPING -- EXCUSE ME.
14 IN DEVELOPING THESE PROPERTIES, WOULD YOU HAVE
15 TO HIRE SOILS ENGINEERS?

16 A YES.

17 Q AND ARE THESE PART OF THE DOCUMENTS THAT SOILS
18 ENGINEERS WOULD PROVIDE TO YOU THAT YOU KEPT IN THESE PROPERTY
19 BINDERS?

20 A YES.

21 Q AND TO YOUR KNOWLEDGE, WOULD THIS HELP
22 DETERMINE THE EXTENT OF THE FOUNDATION NECESSARY FOR EACH OF
23 THE PROPERTIES?

24 A THAT'S EXACTLY WHAT IT WOULD DO.

25 Q PLEASE TURN TO PAGE 806-54 THROUGH 58 --
26 ACTUALLY, I THINK THROUGH 60.

27 A OKAY.

28 Q DO YOU RECOGNIZE THOSE DOCUMENTS?

1 A I DO.

2 Q AND ARE THOSE PART OF THE PROPERTY BINDER FOR
3 THIS PROPERTY THAT YOU KEPT AT YOUR OFFICES AT PRECISION?

4 A YES.

5 MR. RILEY: MOVE TO ADMIT EXHIBITS 806-54 THROUGH --
6 WHAT DID I SAY? -- 60.

7 MR. CROCKETT: CAN I HAVE A STANDING OBJECTION WITH
8 RESPECT TO THIS EXHIBIT, YOUR HONOR?

9 THE COURT: YES.

10 MR. CROCKETT: ALL RIGHT. THANK YOU.

11 THE COURT: ALL RIGHT. OVERRULED.

12 MR. RILEY: OKAY.

13

14 (EXHIBIT 806-54 THROUGH 60 WERE ADMITTED INTO
15 EVIDENCE.)

16

17 Q BY MR. RILEY: OKAY. THIS DOCUMENT AT THE TOP
18 SAYS LOS ANGELES CITY PLANNING DEPARTMENT AND THEN IT SAYS
19 NOTICE OF PUBLIC HEARING MULHOLLAND SCENIC PARKWAY DESIGN
20 REVIEW BOARD.

21 CAN YOU EXPLAIN WHAT -- EXACTLY WHAT THIS IS?

22 A PROPERTIES THAT ARE CLOSE TO MULHOLLAND HIGHWAY
23 HAVE TO GO THROUGH A SPECIFIC MULHOLLAND REVIEW DESIGN. YOU
24 BASICALLY -- BEFORE YOU CAN APPLY FOR BUILDING PERMIT, YOU
25 HAVE TO BE APPROVED BY THEIR ARCHITECTURAL COMMITTEE WHICH
26 ALLOWS NEIGHBORS AND WHOEVER -- IT'S A PUBLIC HEARING,
27 BASICALLY.

28 IT HAS SEVERAL DIFFERENT -- THEY HAVE A BIG

1 BOOK OF THEIR OWN GUIDELINES AND YOU HAVE TO FULL LOAD IT. IT
2 HAS TO BE CERTAIN HEIGHT, CERTAIN COLOR. IT HAS TO BE
3 NATURAL. IT CAN'T HAVE CERTAIN CHARACTERISTICS AS FAR AS --
4 THE HOUSE HAS TO CONFORM BASICALLY TO THEIR STANDARDS.

5 AND EACH NEIGHBOR HAS AN OPPORTUNITY TO SPEAK
6 OUT AGAINST THE PROJECT SAYING, WELL, IT'S TOO BIG OR IT'S
7 UGLY OR IT'S NOT GOING TO FIT THE NEIGHBORHOOD AND JUST
8 GENERALLY IT'S GOING TO BE AN EYESORE, AND SO THEY'RE
9 PREVENTING, YOU KNOW, MC-MANSIONS OR HOUSES THAT ARE KIND OF
10 UGLY OR IN SOME EXTRAORDINARY COLORS FROM BEING BUILT AND
11 INTERFERING WITH THE VIEW OF, YOU KNOW, THE SERENE VIEW OF THE
12 CANYON AND MULHOLLAND. JUST GENERAL MULHOLLAND -- IDEA OF THE
13 MULHOLLAND SCENERY AND --

14 Q OKAY. SO DID YOU HAVE TO GO THROUGH THIS
15 PROCESS WITH SOME OF THE PRECISION PROPERTIES?

16 A WE DID.

17 Q DO YOU RECALL APPROXIMATELY HOW MANY WERE
18 SUBJECT TO THIS MULHOLLAND SCENIC PARKWAY DESIGN REVIEW BOARD,
19 AS YOU SIT HERE TODAY?

20 A I DO. THERE WERE THREE UHEA PROPERTIES,
21 NATOMAS, I WANT TO SAY MAYBE AVENIDA DEL SOL AS WELL, MAYBE A
22 COUPLE MORE WHICH, AS I SIT HERE TODAY, I HONESTLY CAN'T
23 RECALL.

24 BUT THOSE ARE FOR SURE, THE THREE UHEAS,
25 NATOMAS, AND AVENIDA DEL SOL. SO THAT WOULD MAKE IT SEVEN.

26 Q AND DID THIS PROCESS TAKE TIME?

27 A A LONG TIME, ESPECIALLY IF YOU HAVE PEOPLE
28 OPPOSING IT BECAUSE A COMMITTEE IS THERE TO PROTECT THE

1 PUBLIC, REALLY, NOT TO ENCOURAGE YOU BUILDING.

2 THE COMMITTEE IS THERE TO DISCOURAGE YOU FROM
3 BUILDING ON A HILLSIDE AROUND MULHOLLAND CORRIDOR, AND THAT'S
4 THEIR SOLE PURPOSE IS TO BLOCK YOU FROM BUILDING THE HOUSE.

5 Q AND DID YOU HAVE SOME DELAYS AS A RESULT OF
6 GOING THROUGH THIS PROCESS WITH ANY OF YOUR PROJECTS?

7 A WITH ALL OF THEM, BECAUSE ESSENTIALLY, IT'S A
8 WHOLE DIFFERENT PRESENTATION. YOU HAVE TO PRESENT THE
9 MATERIALS YOU HAVE TO USE -- IT'S A BIG DEAL. IT'S A LOT OF
10 PEOPLE TRYING TO AVOID IT BECAUSE THEY SIMPLY DON'T WANT TO
11 DEAL WITH THIS ISSUE.

12 AND YOU HAVE TO BRING BOARDS AND YOU HAVE TO
13 BRING EXACTLY WHAT YOU USE, WHAT COLOR. YOU HAVE TO BRING
14 WHAT KIND OF LANDSCAPE IS GOING TO BE, WHETHER YOU HAVE --
15 WHAT TYPE OF HOUSE, LET'S START WITH THIS. THEY STRONGLY
16 ENCOURAGE CERTAIN TYPE OF HOUSES BEING BUILT AND DISCOURAGE
17 OTHERS. IT HAS TO BE CERTAIN AMOUNT OF HARD-SCAPE VERSUS
18 LANDSCAPE, AND SO FORTH. IT HAS TO TAKE INTO ACCOUNT WILDLIFE
19 THAT MAY BE RUNNING AROUND MULHOLLAND CORRIDOR. AND SO IT IS
20 REALLY QUITE A CUMBERSOME PROCESS.

21 Q AND DID YOU ENCOUNTER ANY PROBLEMS WITH
22 NEIGHBORS IN THE MULHOLLAND CORRIDOR THAT CAUSED FURTHER
23 DELAYS OF SOME OF YOUR PROJECT?

24 A YEAH, I'M SURE WE DID. I MEAN, ALL THE
25 NEIGHBORS ARE PRETTY MUCH OPPOSING. THEY FEEL LIKE THEIR
26 HOUSE SHOULD BE THE LAST ONE EVER BUILT ON THAT STREET, SO
27 IT'S -- OBVIOUSLY NOBODY WANTS TO LIVE NEXT TO CONSTRUCTION
28 FOR A YEAR OR TWO, THREE, AS THE CASE MAY BE.

1 Q AND WOULD THE DESIGN REVIEW BOARD ON CERTAIN
2 OCCASIONS WITH YOUR PROPERTIES REQUIRE THAT YOU MAKE CHANGES
3 TO YOUR PLANS AND THEN COME BACK AND RESUBMIT THEM?

4 A THEY -- MOST OF THE TIME THEY DO, ACTUALLY.
5 ESPECIALLY WHEN IT'S VISIBLE FROM MULHOLLAND. THERE'S TWO
6 DIFFERENT CATEGORIES. VISIBLE CASES AND NONVISIBLE. AND
7 SINCE UHEA HAPPENED TO BE VISIBLE FROM MULHOLLAND, IT'S
8 STRICTER SCRUTINY APPLIED TO THIS TYPE OF PROJECT RATHER THAN
9 PIECES OF PROPERTY YOU CAN'T SEE FROM MULHOLLAND.

10 Q OKAY. LET ME HAVE YOU TAKE A LOOK AT THE LAST
11 DOCUMENT FROM THIS FOLDER. PLEASE TAKE A LOOK AT 806-274
12 THROUGH -- LET'S GO THROUGH 278.

13 THE COURT: OKAY.

14 Q BY MR. RILEY: ARE THOSE PAGES PART OF THE
15 PROPERTY BINDER IMPORTANT THIS PROPERTY?

16 A YES.

17 MR. RILEY: MOVE TO ADMIT 806-274 THROUGH 278.

18 MR. CROCKETT: YOU GAVE ME A STANDING OBJECTION, YOUR
19 HONOR.

20 THE COURT: YES. BUT OTHER THAN THAT, OVERRULED.

21
22 (EXHIBIT 806-274 THROUGH 278 WERE ADMITTED INTO
23 EVIDENCE.)

24
25 Q BY MR. RILEY: ALL RIGHT. DISPLAYING 806-274,
26 IT TALKS -- IT SAYS IT'S A TREE REPORT.

27 CAN YOU EXPLAIN WHAT THESE DOCUMENTS ARE.

28 A YEAH. EACH HILLSIDE LOT HAS TO HAVE A TREE

1 REPORT BY A CERTIFIED ARBORIST TO BASICALLY MAKE SURE THERE'S
2 NO NATIVE CALIFORNIA TREES THAT'S GOING TO BE CUT DOWN,
3 SPECIFICALLY OAK ARE -- I THINK BLACK WALNUT IS ONE OF THEM.
4 THERE'S A WHOLE BUNCH OF OTHER NATIVE TREES THAT ARE FORBIDDEN
5 TO BE CUT.

6 SO BASICALLY THE ARBORIST GOES AND DETERMINES
7 WHETHER THERE'S A LOT OF THOSE NATIVE TREES THAT CANNOT BE CUT
8 DOWN, SO THE DESIGN MAY HAVE TO BE CHANGED TO NOT CUT THOSE
9 TREES. OR AS THE CASE MAY BE, ULTIMATELY YOU CAN ASK
10 PERMISSION TO CUT THEM DOWN OR -- AND WHETHER IT'S GOING TO BE
11 GRANTED OR NOT. I MEAN, WE DON'T KNOW.

12 Q AND SO ARE THESE SOME OF THE DOCUMENTS FROM THE
13 CERTIFIED ARBORIST THAT WERE HIRED ON THIS PROJECT?

14 A YES.

15 Q AND HOW MANY DIFFERENT -- HOW MANY DIFFERENT
16 PROJECTS DID YOU HAVE TO DEAL WITH THE NATIVE TREE ISSUE?

17 A EVERY PROJECT THAT WE HAD, WE HAD TO.
18 EVERYTHING IN THE MOUNTAIN AREAS AND HILLSIDE YOU HAVE TO DEAL
19 WITH NATIVE PLANTS AND YOU CAN'T REALLY CUT THEM DOWN
20 BECAUSE --

21 Q AND DID YOU ON SOME PROPERTIES END UP HAVING TO
22 MOVE TREES?

23 A MOVE THE PROJECT, NOT THE TREES.

24 Q ALL RIGHT. LET'S GO BACK TO THE EXHIBIT 816.

25 A 60?

26 Q 8-1-6, THE NOTEBOOK.

27 A OKAY.

28 Q AND I THINK WE'RE ON PAGE 30 WHEN WE LEFT OFF.

1 OKAY. SO LET'S MOVE ON TO PAGE 31.

2 OKAY. DOWN AT THE BOTTOM, "MAY 25TH, 2005,
3 LAWYER'S TITLE, WANDA PARK" AND THEN "\$10,000".

4 WAS THAT A 10,000-DOLLAR DEPOSIT THAT YOU MADE
5 ON THAT PROPERTY, DO YOU BELIEVE?

6 A I THINK SO. I DON'T EXACTLY REMEMBER, BUT
7 APPEARS TO BE.

8 Q OKAY. THERE APPEARS TO BE UP ON MAY 23RD, A
9 JEEP PAYMENT?

10 A RIGHT.

11 Q \$433?

12 A RIGHT.

13 Q DID YOU CONTINUE MAKING THOSE JEEP PAYMENTS
14 AFTER JANUARY 2008 ON YOUR OWN?

15 A I DID. AND I MADE THEM FROM TIME TO TIME
16 BEFORE JANUARY OF '08. IT'S JUST -- IT WASN'T A BIG ISSUE TO
17 PAY \$433 A MONTH PLUS INSURANCE. I MEAN, REALLY.

18 Q SO NOW WE'RE ON PAGE 32 OF EXHIBIT 816 OF THE
19 NOTEBOOK AND YOU'VE GOT BALANCE, PRECISION, 14,000 AND CHANGE.

20 IS THAT WHAT'S OWED TO YOU?

21 A AS OF THAT DATE LOOKS THAT WAY, YES.

22 Q OKAY. AND THEN YOU'VE GOT SOME REIMBURSEMENTS
23 OF 34,757 TO YOU?

24 A YEAH. BUT IT WAS, I THINK, LIKE A MONTH LATER.
25 SO I DON'T EXACTLY KNOW MY THOUGHT PROCESS. APPEARS TO BE
26 THERE'S SOME PAYMENTS IN BETWEEN, SO...

27 Q OKAY. AND THEN SO AFTER THE REIMBURSEMENT, YOU
28 HAVE A BALANCE OF \$33,965 THAT'S OWED TO YOU?

1 A RIGHT.

2 Q AND THAT APPEARS DOWN HERE ON THE CORNER,
3 ANOTHER REIMBURSEMENT OF \$30,000 ON JUNE 6, 2005?

4 A RIGHT.

5 Q AND JUST SHOWING FROM EXHIBIT 5 -- FROM
6 EXHIBIT 5, THERE'S AN ENTRY ON THIS SPREADSHEET, IT SHOWS A
7 TRANSFER -- LET ME ZOOM THAT IN -- A TRANSFER ON THE SAME DATE
8 AND IT SHOWS A 30,000-DOLLAR AMOUNT.

9 A RIGHT.

10 Q AND ACCORDING TO THIS SPREADSHEET, IT ACTUALLY
11 HAS YOUR BALANCE OWING TO YOU AS MUCH MORE THAN YOU HAVE,
12 DOESN'T IT?

13 A YES, IT DOES.

14 Q OKAY. SO NOW LET'S GO BACK TO EXHIBIT --
15 EXHIBIT 816 AND CHANGE NOW TO PAGE 33.

16 A OKAY.

17 Q AND, AGAIN, FURTHER PAYMENTS IN MAY AND JUNE
18 THAT YOU INCURRED?

19 A YES.

20 Q PAGE 34, ANOTHER IDENTIFICATION OF THE BALANCE
21 AND HERE ACTUALLY IT APPEARS TO GO NEGATIVE WHERE YOU OWE
22 MONEY TO THE COMPANY IN THE AMOUNT OF \$3,400; IS THAT CORRECT?

23 A YES.

24 Q BUT THEN AFTER THAT DATE, AFTER JUNE 15TH, YOU
25 EXPENDED MORE MONIES AND ACTUALLY CAME BACK INTO THE -- WHERE
26 MONEY WAS OWED TO YOU?

27 MR. CROCKETT: OBJECTION. THIS IS ALL LEADING.

28 THE COURT: IT IS LEADING.

1 MR. CROCKETT: IT'S JUST HEARSAY, TOO.

2 THE COURT: SUSTAINED.

3 MR. RILEY: OKAY. I WAS JUST TRYING TO SPEED THROUGH,
4 YOUR HONOR, BUT THAT'S FINE. I'LL ASK NON-LEADING QUESTIONS.

5 MR. CROCKETT: WELL, IT'S HEARSAY AS WELL.

6 THE COURT: WELL, WE'VE ALREADY GONE OVER THAT.

7 OVERRULED.

8 Q BY MR. RILEY: PAGE 35, MORE PAYMENTS?

9 A YES.

10 Q WITH A PAYBACK IDENTIFIED UP ON JUNE 6TH?

11 MR. CROCKETT: OBJECTION, LEADING.

12 Q BY MR. RILEY: IS THERE A PAYBACK IDENTIFIED --
13 ARE THERE ANY PAYBACKS IDENTIFIED ON THIS PAGE ANYWHERE?

14 A YES. ITEM NO. 3 ON JUNE 6TH, 2005.

15 Q PAGE 36, ARE THOSE MORE SIMILAR TRANSACTIONS?

16 A YES.

17 Q OH, HERE, JUST TO BRING YOUR ATTENTION TO, IT
18 SAYS MULHOLLAND REVIEW BOARD.

19 IS THAT THE REVIEW BOARD WE WERE JUST TALKING
20 ABOUT?

21 A YES, IT IS.

22 Q NOW, WE ARE ON TO PAGE 37 OF EXHIBIT 816.

23 AND CAN YOU TELL ME WHAT THIS PAGE DEPICTS?

24 A IT LOOKS LIKE I MADE A LOAN FOR CAM AT \$10,000
25 ON 7/11, TOTAL PRECISION BALANCE \$39,067.64. JUST JEEP
26 PAYMENT AGAIN AT \$432. PAYROLL, PLEASE SEE NOTES AS OF 6/30.
27 JUST MY NOTES. G.F. MONTEMAYOR, LAURELMONT CIVIL, JOSE
28 RIVERA, NATOMA GARDENING, GEO NEWCOMB.

1 JUST NOTES, REGULAR NOTES.

2 Q LET ME INTERRUPT YOU HERE.

3 AS YOU WERE SPENDING MONEY ON THESE PROPERTIES,
4 WOULD YOU KEEP TRACK BY PROPERTIES OF THE AMOUNT OF MONIES
5 THAT WERE BEING SPENT?

6 A BY AMOUNTS.

7 Q WELL, DID YOU CREATE -- DID YOU GUYS HAVE EXCEL
8 SPREADSHEETS THAT YOU WERE IDENTIFYING AMOUNTS THAT WERE BEING
9 SPENT?

10 A NOT EXCEL SPREADSHEETS AT FIRST. IT WAS
11 ACTUALLY A WORD FORMAT WHERE I HAD SEVERAL DIFFERENT
12 CATEGORIES. ONE WAS -- AND IT WAS KEPT BEFORE WE STARTED
13 PRECISION. I FIRST STARTED WITH LIKE ARROWHEAD WHERE I START
14 OUT WITH A PURCHASE PRICE AND THEN GO DOWN THROUGH EACH
15 EXPENSE, GEO, TOPO, WHAT HAVE YOU, AND SO I CONTINUED TO DO SO
16 FOR PRECISION, AS I SAID, AT FIRST IN WORD FORMAT BECAUSE I
17 DIDN'T KNOW HOW TO USE EXCEL.

18 SO IT WOULD BE GENERAL EXPENSES WHICH WOULD BE
19 OFFICE EXPENSES AND ARCHITECT'S EXPENSES, WHICH I COULD NOT
20 ALLOCATE PER PROPERTY BECAUSE THEY WERE WORKING OFF AND ON
21 DIFFERENT PROPERTIES AT DIFFERENT TIMES.

22 SOMETIMES ONE WOULD GO AND WORK ON ANOTHER
23 PROPERTY BECAUSE IT WOULD BE A BETTER FIT, ET CETERA, AND, OF
24 COURSE, PHONE EXPENSES, WATER, JUST GENERAL OFFICE EXPENSES
25 YOU WOULD EXPECT, CLEANING FOR THE OFFICE AND SUCH.

26 AND THEN THERE WAS PROPERTY BY PROPERTY EXPENSE
27 WHICH WE START, OF COURSE, WITH PURCHASE PRICE AND GO DOWN AS
28 TO EACH EXPENSE, GEO -- ET CETERA.

1 Q OKAY. AND EVENTUALLY DID THESE, THEN, TURN IN
2 FROM WORD FORMAT INTO EXCEL SPREADSHEETS?

3 A IT DID, ONCE I LEARNED HOW TO USE IT.

4 Q LET ME HAVE YOU TAKE A LOOK AT WHAT'S BEEN
5 PREVIOUSLY MARK AS EXHIBIT 815.

6 A OKAY.

7 Q AND ARE EXHIBIT 815 THE SPREADSHEETS THAT YOU
8 KEPT ON THE PROPERTY?

9 A YES.

10 MR. RILEY: MOVE TO ADMIT EXHIBIT 815.

11 MR. CROCKETT: OBJECTION, HEARSAY. NEVER PRODUCED.

12 THE COURT: ALL RIGHT. WANT TO APPROACH?

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS

15 WERE HELD AT SIDEBAR:)

16

17 THE COURT: ALL RIGHT.

18 MR. CROCKETT: SHE PRODUCED A DIFFERENT SET OF THESE
19 AT HER DEPOSITION AND THEN THE EXPERT THAT WE RETAINED
20 PRODUCED A COMPLETELY DIFFERENT SET.

21 THE COURT: SO THIS WAS NOT WHAT WAS PRODUCED AT HER
22 DEPO?

23 MR. CROCKETT: RIGHT. IT'S NOT BATES STAMPED.

24 MR. RILEY: THESE ALL HAVE BEEN PRODUCED. THESE CAME
25 RIGHT OFF OF MR. PLYAM'S COMPUTER WHICH THEY GOT A COMPLETE
26 IMAGE OF. THEY WERE PRODUCED NUMEROUS TIMES. I MADE THEM
27 BIGGER SO THEY WOULD BE MORE LEGIBLE, BUT THEY'RE EXACTLY
28 IDENTICAL.

1 THE COURT: SHOW ME THEY WERE PRODUCED AND I'LL ALLOW
2 YOU TO USE THEM. SIMPLE AS THAT. YOU KNOW, SO WE'LL TAKE OUR
3 LUNCH BREAK. YOU WORK IT OUT.

4 MR. RILEY: DOESN'T IT WORK THE OTHER WAY AROUND HERE?
5 AREN'T THEY SUPPOSED TO SHOW THAT THEY WERE ASKED FOR?

6 THE COURT: WELL, IT'S CLEAR THEY WERE ASKED FOR. AT
7 THIS POINT, LOOKING AT THE THING, SHE WAS ASKED TO GIVE FORTH
8 ALL DOCUMENTS THAT DEMONSTRATE SHE PAID, YOU KNOW, FOR THESE
9 THINGS THAT SHE'S SEEKING REIMBURSEMENT FOR. IT SEEMS TO ME
10 THAT WOULD COUNT.

11 OKAY. ALL RIGHT. WE'LL TAKE A BREAK NOW,
12 THOUGH.

13
14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
15 HELD IN OPEN COURT IN THE PRESENCE OF THE
16 JURY:)

17
18 THE COURT: OKAY. WE'RE GOING TO TAKE OUR LUNCH BREAK
19 NOW A LITTLE EARLY, BUT, AGAIN, DON'T TALK ABOUT THE CASE
20 AMONGST YOURSELVES OR OTHERS; FORM ANY OPINIONS ABOUT THE
21 CASE.

22 I DO HAVE A LUNCH MEETING, THAT'S WHY I HAVE TO
23 BREAK A LITTLE EARLY.

24 AND PROMPTLY OUTSIDE THE COURTROOM AT 1:30 AND
25 WE'LL PROCEED FROM THERE.

26
27 (WHEREUPON THE NOON RECESS WAS TAKEN UNTIL
28 1:30 P.M. THE SAME DAY.)

1 CASE NUMBER: BC384285
2 CASE NAME: PRECISION DEVELOPMENT, LLC VS.
3 YURI PLYAM, ET AL.
4 LOS ANGELES, CALIFORNIA TUESDAY, MARCH 22, 2011
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767
7 TIME: 1:40 P.M.
8 APPEARANCES: (AS HERETOFORE NOTED.)
9

10 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
11 HELD IN OPEN COURT IN THE PRESENCE OF THE
12 JURY:)
13

14 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND
15 GENTLEMEN.

16 THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL
17 ARE PRESENT. AND THE PARTIES ARE PRESENT.

18 MS. PLYAM IS STILL ON THE STAND.

19 AND YOU'RE STILL UNDER OATH; UNDERSTAND?

20 THE WITNESS: YES.

21 THE COURT: ALL RIGHT. THE OBJECTION IS OVERRULED.

22 MR. RILEY, YOU MAY CONTINUE.

23 MR. RILEY: ALL RIGHT. THANK YOU, YOUR HONOR.

24 THE COURT: ALL RIGHT.
25

26 ///

27 ///

28 ///

1 NATALIA PLYAM,
2 RESUMED THE WITNESS STAND, HAVING BEEN PREVIOUSLY DULY SWORN,
3 FURTHER TESTIFIED AS FOLLOWS:
4

5 CROSS-EXAMINATION (RESUMED)

6 BY MR. RILEY:

7 Q WHEN WE LEFT OFF, I BELIEVE I WAS HAVING YOU
8 TAKE A LOOK AT WHAT HAS PREVIOUSLY BEEN MARKED AS 815. CAN
9 YOU OPEN UP THE NOTEBOOK TO THAT EXHIBIT, PLEASE.

10 A YEAH. I'M THERE.

11 Q OKAY. AND DOES EXHIBIT 815 CONTAIN THE EXCEL
12 SPREADSHEETS FOR THE ACCOUNTING ON EACH OF THE PROPERTIES?

13 A YES, IT LOOKS LIKE. YEAH, IT LOOKS LIKE THAT'S
14 WHAT IT IS.

15 MR. RILEY: MOVE TO ADMIT EXHIBIT 815.

16 THE COURT: ALL RIGHT. ANY OBJECTION?

17 MR. CROCKETT: INSUFFICIENTLY AUTHENTICATED, YOUR
18 HONOR.

19 THE COURT: WHY DON'T YOU JUST LAY A LITTLE BIT MORE
20 FOUNDATION, COUNSEL.

21 MR. RILEY: OKAY.

22 Q SO TELL ME HOW YOU WOULD ACCOUNT FOR THE
23 EXPENDITURES THAT WERE MADE FOR EACH OF THE PROPERTIES AS YOU
24 WERE GOING ALONG ONCE YOU GOT INTO THE STAGE OF USING THE
25 EXCEL PROGRAM.

26 A EVERY TIME I WRITE A CHECK, I WOULD INPUT IT IN
27 A CORRECT COLUMN FOR THE CORRECT PROPERTY. SO BASICALLY, FOR
28 EXAMPLE, FOR ANY OF THEM, SAY FOR VIEWMONT, THERE IS A COLUMN

1 THAT READS STRUCTURAL ENGINEER AT \$17,880. SO WHAT I WOULD DO
2 WOULD START OUT HIRING STRUCTURAL ENGINEERS SAY FOR 1700
3 VIEWMONT. AND AS WE GIVE HIM OR HER DEPOSIT, I WOULD SAY, PUT
4 \$2,500, FOR EXAMPLE. AS THE DEPOSIT WOULD INCREASE, I'D ADD.
5 I WOULDN'T DIFFERENT AS FAR AS SAY, YOU KNOW, I WROTE THE
6 CHECK ON THIS DATE, BUT I WOULD RATHER JUST ADD IT TO THE
7 GENERAL COLUMN FOR THE SPECIFIC PROPERTY.

8 AND SO ON -- I WOULD GO ON FOR EACH -- FOR EACH
9 OF THE EXPENSE, THE ONLY THING, I TESTIFIED EARLIER AND I MADE
10 A MISTAKE, THE PRICE OF THE PROPERTY IS NOT INCLUDED IN MY
11 SPREADSHEETS, SO I WAS MAKING MISTAKE TO THAT EXTENT.

12 BUT THE EXPENSES THAT WOULD OCCUR AFTER
13 PROPERTY WAS ACQUIRED ARE DOCUMENTED HERE AND THEY ARE JUST
14 BROKEN DOWN BY LABOR, BY BOND, BY FIRE CLEARANCE.

15 Q LET ME STOP YOU THERE. SO WOULD YOU INPUT THIS
16 INFORMATION INTO THE COMPUTER?

17 A YEAH. AS I WRITE EACH CHECK, I WOULD INPUT IT
18 INTO MY SPREADSHEET, SAVE IT, AND THEN SEND IT TO YURI SO THAT
19 HE CAN REVIEW IT BECAUSE HE WANTED TO KNOW WHERE WE ARE WITH
20 EACH PROPERTY AS OF EACH SPECIFIC DATE. AND SOMETIMES AS I
21 WOULD WRITE CHECKS -- I WOULD WRITE 6-, 700 CHECKS A MONTH.
22 SO EACH TIME I WRITE A CHECK OR SAY FIVE, SIX CHECKS, I WOULD
23 JUST GO -- BEFORE GIVING THEM TO SEND OUT, I WOULD INPUT THEM
24 IN THE SPREADSHEETS SO THERE WOULD BE AN ACCURATE DEPICTION OF
25 EXPENSES FOR EACH PROPERTY.

26 Q AND THIS WOULD BE DONE ON A NORMAL BASIS FOR
27 EACH PROPERTY AS THE PROJECT WAS PROGRESSING?

28 A EVERYDAY MORE THAN ONCE A DAY FOR THE MOST

1 PART. AS SOON AS I WRITE A CHECK, I ENTER IT BECAUSE THEN I
2 MIGHT FORGET AND GET CONFUSED, WHAT HAVE YOU.

3 MR. CROCKETT: ALL RIGHT. NO OBJECTION, YOUR HONOR.

4 THE COURT: ALL RIGHT. 815 ADMITTED INTO EVIDENCE.

5
6 (EXHIBIT 815 WAS ADMITTED INTO EVIDENCE.)

7
8 Q BY MR. RILEY: ALL RIGHT. LET'S GO AHEAD AND
9 TAKE A LOOK AT SOME OF THESE SPREADSHEETS,

10 A OKAY.

11 Q OKAY. LET ME START TO CALL OUT -- DO TWO
12 PROPERTIES AT A TIME AT THE TOP HERE. LET'S JUST DO ONE
13 BECAUSE IT'S GOING TO BE TOO BIG FOR THE SCREEN.

14 LET ME TRY THAT AGAIN.

15 OKAY. WHAT WE HAVE UP HERE IS FROM EXHIBIT, I
16 THINK, 815 PAGE ONE, AND AT THE FAR LEFT-HAND SIDE OF THIS
17 COLUMN IS 17707 ALONZO AND IT SAYS EXPENSES. AND THEN YOU
18 HAVE IDENTIFICATION OF DIFFERENT SOURCES AND THEN AMOUNTS.

19 DO YOU SEE THAT?

20 A I DO.

21 Q SO FOR THE STRUCTURAL ENGINEER IN THIS GRAPH,
22 THERE IS AN AMOUNT OF \$16,050. IF YOU -- AS OF THE DATE OF
23 THIS SPREADSHEET, WOULD THAT HAVE BEEN ALL THE AMOUNTS SPENT
24 FOR STRUCTURAL ENGINEERS AS TO THIS PROPERTY?

25 A YES.

26 Q AND SAY IF TOMORROW YOU WENT AND HAD TO HAVE A
27 STRUCTURAL ENGINEER GO OUT TO THE PROPERTY FOR WHATEVER REASON
28 AND HE BILLED, FOR EXAMPLE, \$1,000 AND YOU GOT THE INVOICE

1 INTO THE OFFICE, WHAT WOULD YOU DO?

2 A I WOULD WAIT UNTIL I HAVE TO WRITE THE CHECK,
3 AND THEN AS I WROTE THE CHECK AND SEND OUT THE INVOICE, I
4 WOULD ADD \$1,000 TO \$16,050 AND THE FORMULA WOULD JUST ADD IT
5 UP AND IT WOULD BECOME \$17,050. THAT WAS JUST VERY SIMPLE,
6 RUDIMENTARY SYSTEM THAT WORKED WELL, I THINK, AT LEAST FOR
7 US --

8 Q OKAY.

9 A -- KEEPING TRACK OF EXPENSES.

10 Q AND SO ALL OF THESE COLUMNS AND WITH THE LINE
11 AMOUNTS IN THEM AS THE MATERIALS WERE PURCHASED OR THE
12 SERVICES WERE PURCHASED, YOU WOULD ADD TO THEM AFTER PAYING
13 OUT INVOICES WITH COMPANY CHECKS?

14 A CORRECT.

15 Q AND --

16 A OR SOMETIMES WITH MY PERSONAL CHECKS.

17 Q NOW, ON SOME OCCASIONS, WOULD THERE BE EXPENSES
18 THAT WOULD COVER FOR TWO PROPERTIES?

19 A NO. I WOULD SPLIT THEM UP.

20 Q THAT'S MY QUESTION. IF AN INVOICE CAME IN AND
21 THE INVOICE WAS FOR MATERIALS THAT MAY HAVE BEEN MATERIALS FOR
22 TWO PROPERTIES, WHAT WOULD YOU HAVE DONE WITH THAT?

23 A WE WOULD BREAK IT DOWN WHICH PROPERTY FOR
24 WHICH. WE'D HAVE TO GO BACK AND MAKE SURE THAT EACH PROPERTY
25 GETS SUFFICIENT ALLOCATION OR ELSE IT WOULDN'T DEPICT AN
26 ACCURATE PICTURE OF WHAT WE HAD SPENT FOR WHICH PROPERTY. SO
27 THAT -- THAT JUST -- IT WAS SUPPOSED -- IT WOULD BE DONE TO
28 SPLIT IT UP. IT WOULDN'T BE JUST AS A LUMP SUM, SO...

1 Q AND WERE THESE SPREADSHEETS ON OCCASION SENT TO
2 MR. RANIERE OR SOMEBODY ELSE IN NEW YORK?

3 A I THINK IT WAS SENT COUPLE TIMES, SEVERAL TIMES
4 TO BECKY FREEMAN WHO WORKED FOR BARBARA BOUCHEY WHO WAS -- MY
5 UNDERSTANDING SHE WAS FINANCIAL ADVISOR TO THE BRONFMANS.
6 SO -- AND I DON'T KNOW IF IT WAS EVER SENT TO MR. RANIERE. I
7 THINK IT WAS BUT IT WASN'T SENT BY ME. BECAUSE THOSE
8 SPREADSHEETS WENT TO YURI EVERYDAY. SO HE WOULD DO WHATEVER
9 HE NEEDED TO DO WITH THEM, FORWARD THEM TO NEW YORK, LOOK AT
10 THEM, ANALYZE THEM. THAT WOULD BE THE PROCEDURE. I WOULD BE
11 RESPONSIBLE TO SENDING IT TO HIM AND HE WOULD DO WHATEVER IT
12 IS THAT HE FELT HE NEEDED TO DO WITH THEM AS FAR AS PASSING
13 THE INFORMATION ALONG.

14 Q ALL RIGHT. LET'S TAKE A LOOK AT -- LET'S BRING
15 UP THE PROPERTY NEXT THERE WHICH IS PROPERTY NUMBER TWO
16 VIEWMONT, FOR EXAMPLE, AND -- I DON'T KNOW IF THIS IS GOING TO
17 HELP, BUT -- IT DOESN'T. I JUST WANT TO SHOW A TOTAL AMOUNT
18 DOWN AT THE BOTTOM OF VIEWMONT.

19 AND WOULD THESE SPREADSHEETS HAVE A CALCULATION
20 IN THEM SO THEY WOULD TOTAL ALL THE AMOUNTS BEING SPENT ON
21 EACH PROPERTY AS YOU WENT?

22 A RIGHT. YEAH IT'S A FORMULA THAT WOULD BE
23 ALREADY IN PART OF THE SPREADSHEETS -- PART OF EXCEL PROGRAM
24 RATHER, NOT MY SPREADSHEETS. BUT THE FORMULA WOULD JUST ADD
25 THE TOTAL. AS I'M ADDING EACH NUMBER, THE FORMULA WOULD JUST
26 TAB OUT THE TOTAL FOR EACH PROPERTY, SO...

27 Q OKAY. LET'S TAKE A LOOK AT THE END OF HERE,
28 LORAE, SINCE IT DOESN'T HAVE AS MUCH MONEY SPENT AND IT'S

1 SHORTER SO WE CAN LOOK AT THE WHOLE THING.

2 SO WHAT I HAVE SHOWING ON PAGE ONE OF EXHIBIT
3 815 IS THE COLUMN FOR LORAE. AND IS THAT THE TOTAL THAT WAS
4 SPENT AS OF THE DATE OF THIS SPREADSHEET ON LORAE, WHICH IS
5 \$319,000 AND CHANGE?

6 A THAT'S -- YES. THAT -- I DON'T KNOW IF IT'S
7 THE LAST SPREADSHEET BUT THAT APPEARS TO BE THE CORRECT TOTAL.
8 AGAIN, IT HAS BEEN SEVERAL YEARS.

9 Q OKAY. AND WAS THERE A SPREADSHEET LIKE THIS
10 FOR EACH AND EVERY PROPERTY THAT YOU WERE DEVELOPING?

11 A YES. AND THEN THERE WERE A SEPARATE ONE FOR
12 GENERAL EXPENSES SUCH AS RENTS AND PHONES.

13 Q WE'LL GET TO THAT. LET'S GO TO PAGE TWO OF
14 EXHIBIT 815. AND THIS JUST APPEARS TO HAVE ONE RUN OVER --
15 RUN-ON FROM ALONZO WITH THE TOTAL ON ALONZO ON PAGE TWO
16 TOTALING UP TO \$874,000 AND CHANGE?

17 A RIGHT.

18 Q NOW, DID YOU KEEP THESE ON THE COMPUTERS OF --
19 AT PRECISION?

20 A I DID.

21 Q OKAY. AND WHEN THE LITIGATION STARTED, DID THE
22 PLAINTIFFS ACTUALLY OBTAIN A COPY OF YOUR HARD DRIVE WITH ALL
23 THIS INFORMATION ON IT?

24 A YES. IN APRIL OF 2008, THEY SURELY DID.

25 Q SO EVERYTHING THAT WAS ON THE COMPUTER, THEY
26 WERE ABLE TO GET COPIES OF ALL OF IT?

27 A YES EXCEPT FOR SOME PRIVILEGED DOCUMENTS IN
28 REGARDS TO OUR CLIENTS FOR CASTLE TRADING. I BELIEVE THOSE

1 WERE EXCLUDED FROM THE PRODUCTION. OTHERWISE, OBVIOUSLY,
2 THESE WERE IN. NOT ONLY THAT, I SENT A COPY OF THE
3 SPREADSHEETS TO PARLATO, I BELIEVE. I PRODUCED IT TO
4 MR. PHELPS, THE NEUTRAL ACCOUNTANT THAT THEY HAD EMPLOYED AND
5 FIRED.

6 Q WELL, WE'LL GET THERE IN A MINUTE.

7 LET'S GO ON TO PAGE THREE. NOW, PAGE THREE, I
8 THINK ARE, WHAT ARE CALLED COMMENTS OR NOTES TO THE EXCEL
9 SPREADSHEET? DO YOU SEE THOSE?

10 A I DO.

11 Q SO IF YOU'RE IN THE SOFTWARE CAN YOU CLICK ON A
12 CERTAIN CELL AND ACTUALLY TYPE IN NOTES AS IT RELATES TO A
13 SPECIFIC TRANSACTION?

14 A YES.

15 Q AND ARE THESE THE COMMENTS THAT WERE ACTUALLY
16 WRITTEN IN TO THE SPREADSHEETS THAT WERE IN YOUR COMPUTERS?

17 A YES.

18 Q OKAY. SO LET'S JUST, FOR EXAMPLE, TAKE A LOOK
19 THERE AT CELL A-4, COMMENT, IT SAYS \$250 TO SIGN PLANS; 3500
20 TO RESPOND TO CITY. AND IF WE GO BACK TO A-4 --

21 A I SEE.

22 Q AND UNDER A-4 DEALS WITH SOILS ENGINEER?

23 A IT DOES.

24 Q SO FROM TIME TO TIME WOULD NOTES BE INCLUDED IN
25 HERE IF YOU WANTED SOMETHING SPECIFIC TO REMEMBER?

26 A YES.

27 Q OKAY. SO, NOW, WE'RE ON TO PAGE FIVE. ARE
28 THESE CONTINUED SPREADSHEETS FOR DIFFERENT PROPERTIES?

1 A THEY ARE.

2 Q AND I'VE GOT NEWCOMB UP THERE. AND NEWCOMB
3 DOESN'T APPEAR TO HAVE THAT MUCH MONEY SPENT ON IT?

4 A CORRECT.

5 Q SO LET ME JUST ASK YOU ABOUT NEWCOMB AT THE
6 TIME THESE SPREADSHEETS WERE DONE. I THINK COUNSEL ASKED YOU
7 WHAT WAS THE STATUS OF NEWCOMB AT THE TIME. WHAT IS THE
8 STATUS OF NEWCOMB?

9 A IT'S A VACANT LOT.

10 Q AND SO THIS IS THE WORK THAT WAS DONE ON THOSE
11 PROPERTIES?

12 A YEAH. THERE WAS SOME PRELIMINARY WORK DONE ON
13 THIS PROPERTIES AND WE WERE ACTUALLY NEGOTIATING WITH A
14 NEIGHBOR ACROSS THE -- ACROSS THE WAY TO PAVE THE ROAD. SO WE
15 WERE SUPPOSED TO SHARE IN THE COST OF BUILDING THE ROAD SO IT
16 BENEFITS HIS LOTS AND OUR LOTS AT THE SAME TIME. MY
17 UNDERSTANDING WAS YURI WAS IN THE FINAL NEGOTIATIONS -- STAGES
18 AS TO SHARE OF THE COST FOR PAVING THE ROAD, AND THIS WAY WE
19 CAN SHARE ENGINEERING COSTS AND PAVING AND SUCH. SO IT WOULD
20 HAVE BEEN OBVIOUSLY WISE, CHEAPER THAN DOING IT OURSELVES.

21 Q OKAY. AND LOOKING UP ON NEWCOMB THERE,
22 ACTUALLY IT HAS TREE REPORT. YOU THINK THAT HAS TO DO WITH
23 THE OAK TREES?

24 A WELL, IT DOES. IT'S AN OAK REPORT. IT'S VERY
25 GREEN LOT. I MEAN, A LOT OF TREES, SO...

26 Q AND THERE'S ALSO AN AERIAL SURVEY THERE.
27 WHAT'S THE AERIAL SURVEY THERE?

28 A AERIAL SURVEY IS FOR -- I BELIEVE IT WAS DONE

1 FOR THE ROAD, YOU KNOW, TO DETERMINE -- AS FAR AS I CAN
2 RECALL, IT WAS DONE TO DETERMINE HOW THE ROAD WAS SUPPOSED TO
3 BE LAID OUT TO ACCESS THE LOTS. AND SO YOU HAVE TO EMPLOY
4 AERIAL SURVEY, WHICH IS -- I GUESS THEY GO UP IN THE AIR AND
5 TAKE PICTURES FROM THE AIR AND THAT'S WHY IT'S CALLED AERIAL
6 SURVEY. AND THEY DID IT FOR BOTH LOTS AT THE SAME TIME. SO I
7 SPLIT THE COST. THE COST WERE FOR BOTH LOTS. AND IF THEY
8 WERE IDENTICAL, THEN I WOULD JUST SPLIT IT 50/50 AS THE CASE
9 MAY BE HERE.

10 Q THE COST ACTUALLY HERE FOR DOING THE AERIAL
11 SURVEY COULD HAVE BEEN 4200 AND YOU WOULD HAVE SPLIT IT
12 BETWEEN THE TWO BECAUSE IT WAS BEING USED FOR BOTH OF THEM?

13 A CORRECT.

14 Q AND, AGAIN, ON TO PAGE -- ACTUALLY, THERE YOU
15 GO RIGHT THERE. AMOUNTS DIVIDED BETWEEN BOTH LOTS.

16 A RIGHT.

17 Q SO IS THAT JUST MAKING A NOTE TO YOURSELF?
18 THAT'S WHAT YOU'RE DOING?

19 A YEAH. TO MAKE SURE I DON'T MAKE ANY ERRORS AS
20 TO SURVEY.

21 Q OKAY. I'M LOOKING AT LAURELMONT AND YOU GOT --
22 WHICH IS UNDER THE S COLUMN, AND YOU GOT AT LINE 3-A, CIVIL
23 ENGINEER FOR 2400 -- EXCUSE ME -- \$24,000 AND THEN THE NOTE
24 BELOW IT FOR S-3 IS -- EXCUSE ME -- "SURVEYED BOTH LOTS";
25 AMOUNT, 5500 SPLIT BETWEEN BOTH LOTS, 200 LOT TIE AND LOT LINE
26 ADJUSTMENTS. DO YOU KNOW WHAT THAT IS REFERENCING?

27 A YES. FOR LAURELMONT, WE HAD TO DO LOT TIE. I
28 THINK THERE WERE SEVERAL LOTS INCLUDED IN THERE AND WE HAD TO

1 DO LOT LINE ADJUSTMENTS. SO IT WAS -- I WANT TO SAY IT WAS A
2 THREE-ACRE LOTS AND IT INCLUDED SEVERAL -- I DON'T REMEMBER
3 EXACTLY HOW MANY LOTS IT INCLUDED, BUT WE HAVE TO ADJUST THE
4 LOT LINE SO EACH OF THE LOTS GET OPTIMAL AMOUNT OF SPACE FOR
5 THE HOUSES THAT WERE SUPPOSED TO BE BUILT ON IT, WHICH WOULD
6 HAVE BEEN VERY BIG HOUSES. SO I THINK ONE LOT DIDN'T HAVE
7 ENOUGH SPACE AND THE OTHER HAD TOO MUCH SPACE. SO THAT'S WHY
8 THE LOTS GOT ADJUSTED BASICALLY WITH THE CITY. AND, OF
9 COURSE, YOU HAVE TO PAY FOR IT.

10 Q OKAY. AND IT ALWAYS TAKES TIME?

11 A YEAH -- YES. IT TAKES TIME BECAUSE, I MEAN,
12 JUST BECAUSE YOU HAVE TO DO PAPERWORK AND CITY IS BUSY AND
13 EVERYTHING TOOK TIME BACK THEN BECAUSE CONSTRUCTION WAS
14 BOOMING. SO, YES.

15 Q WHEN YOU SAY CONSTRUCTION WAS BOOMING, HOW DID
16 THAT AFFECT YOUR -- THE SPEED OF YOUR PROJECTS?

17 A WELL, FOR ONE, THEY WERE BUSY REVIEWING THE
18 PLANS AND ISSUING PERMITS. THERE WERE ONLY SO MANY PEOPLE
19 DOING THE PLAN REVIEW AND STAMPING IT AND ISSUING PERMITS.
20 ALSO, IT HAD TO DO WITH THE HILLSIDE ORDINANCE CHANGE IN -- I
21 BELIEVE IN 2006 AS WE WERE ENGINEERING ALL THE PROPERTIES, THE
22 CITY CHANGED THE RULES AS TO THE KINDS OF RETAINING WALLS, AND
23 SO IT BECAME NECESSARY FOR US, UNFORTUNATELY, TO REDESIGN MANY
24 PROPERTIES THAT WERE AT THE FINAL STAGES OF THE DESIGN AND
25 CITY WEREN'T -- I SHOULD SAY CITY ENGINEERS WEREN'T EXACTLY
26 SURE HOW TO IMPLEMENT AND WHAT WERE EXACT GUIDELINES.

27 SO SOMETIMES YOU WOULD HAVE TO GO BACK SEVERAL
28 TIMES UNTIL YOU GET TO SPEAK TO ONE OF THE SUPERVISORS WHICH,

1 AS I REMEMBER, ONE OF THEM WAS JILL SOMETHING. ANYHOW, YOU
2 HAD TO GO SEE HIM IN ORDER TO GET THE FINAL ANSWER BECAUSE,
3 FRANKLY SPEAKING, THOSE PEOPLE WERE GIVING -- PEOPLE IN THE
4 CITY WERE GIVING US CONFLICTING INFORMATION AS TO WHAT WAS
5 ALLOWED, HOW THE NEW ORDINANCE WOULD AFFECT THE CONSTRUCTION.

6 SO IT WAS A HUGE DELAY. IT COST US QUITE A
7 BLOW AS FAR AS TIMING GOES. IT WASN'T OBVIOUSLY PLANNED BUT
8 IT HAPPENED.

9 Q OKAY. AND SO GOING ON TO 815 PAGE EIGHT.
10 ARE THESE MORE PROPERTIES?

11 A YES.

12 Q AND PAGE 11, MORE OF THE PROPERTIES; DOING IT
13 THE SAME WAY?

14 A YES.

15 Q AND 14, MORE OF THE PROPERTIES.

16 A YES.

17 Q NOW, I'M ON PAGE -- EXHIBIT 815 PAGE 16. AND
18 LET ME TRY AND FIX THE SCREEN HERE SO I DON'T HAVE TO MOVE
19 THINGS OVER.

20 THAT WORKS BETTER.

21 OKAY. I THINK YOU BRIEFLY STARTED TO TALK
22 ABOUT THIS BEFORE. GENERAL EXPENSES?

23 A YES.

24 Q AND SO YOU KEPT A SEPARATE SPREADSHEET FOR ALL
25 THE GENERAL EXPENSES?

26 A YES.

27 Q AND WAS YOUR METHOD OF ENTERING THESE EXPENSES
28 THE SAME AS ENTERING THE EXPENSES FOR EACH OF THE PROPERTIES.

1 A YES, IT WAS.

2 Q OKAY. NOW, ACTUALLY DID YOU HAVE HELP IN THE
3 OFFICE WITH THIS TYPE OF ACCOUNTING OR DATA ENTRY FOR THESE
4 SPREADSHEETS?

5 A I DIDN'T HAVE ANYBODY HELPING WITH THIS TYPE
6 SPREADSHEETS BECAUSE, FRANKLY, PEOPLE COME AND GO AND I WANTED
7 TO BE THE ONLY ONE WHO WAS ABLE TO ENTER THIS INFORMATION.
8 OTHERWISE, IT WOULD BECOME CORRUPT OR INCORRECTLY ENTERED. SO
9 I DIDN'T HAVE ACTUALLY SOMEBODY WHO DID THE SAME THING AS I
10 DID.

11 Q NOW, WAS IT YOUR UNDERSTANDING THAT AT THE END
12 OF THE DAY THE PROPERTIES WOULD BE SOLD AND THERE WOULD BE
13 SOME TYPE OF NET PROFIT FROM, ALL THE PROPERTIES WOULD THEN BE
14 DIVIDED?

15 A YES.

16 Q DID YOU EVER GET TO SELL ANY OF THESE
17 PROPERTIES TO REALIZE ANY PROFITS ON THEM?

18 A NO.

19 Q AT SOME POINT IN TIME, DID YOU HIRE SOMEBODY TO
20 DO ANY TYPE OF ACCOUNTING WORK IN THE OFFICE?

21 A I DID.

22 Q AND WHO DID YOU HIRE?

23 A ONE OF THE PEOPLE I HAD HIRED WAS GREG
24 MONAGHAN.

25 Q AND APPROXIMATELY WHEN DID YOU HIRE GREG
26 MONAGHAN?

27 A SOMETIME IN 2006. I DON'T KNOW EXACT DATE.
28 MAYBE -- I WANT TO SAY FEBRUARY, MARCH OF '06. THAT WOULD

1 PROBABLY BE SOMEWHAT ACCURATE.

2 Q AND DO YOU RECALL HOW YOU FOUND MR. MONAGHAN?

3 A CRAIG'S LIST.

4 Q AND WHAT DID YOU INITIALLY HIRE MR. MONAGHAN TO
5 DO?

6 A WHAT I WAS HOPING FOR HIM TO DO IS TO TAKE MY
7 EXCEL SPREADSHEETS AND TO ENTER THE DATA FROM IT AND VERIFY IT
8 BY CHECKS AND MAKE A QUICKBOOK REPORT FOR ME AND YURI SO WE
9 CAN HAVE MORE SOPHISTICATED ACCOUNTING SYSTEM. AND I ALSO HAD
10 HIRED HIM TO HELP ME WITH PAYROLL, WHICH I WASN'T FAMILIAR
11 WITH, AND SO I WAS HOPING SOMEBODY CAN HELP ME WITH DEDUCTIONS
12 AND SUCH, 1099 FOR EMPLOYEES. THAT'S WHY I HIRED MR. MONAGHAN
13 AND --

14 Q HOW LONG DID MR. MONAGHAN WORK FOR YOU?

15 A WE LET HIM GO, I BELIEVE -- I WANT TO AUGUST OF
16 '07. THAT'S ABOUT THE DATE.

17 Q NOW, HOW MANY DAYS A WEEK WAS MR. MONAGHAN
18 WORKING FOR YOU?

19 A ONE OR TWO -- NOT THE FULL DAYS, MAYBE TWO,
20 THREE HOURS. SO MAYBE SIX HOURS A WEEK PLUS MINUS, SOME WEEKS
21 MORE, SOME WEEKS LESS.

22 Q AND HOW WAS HE PAID?

23 A HE WAS PAID \$20 AN HOUR FOR HIS WORK.

24 Q AND HOW DID IT GO WITH MR. MONAGHAN PUTTING
25 TOGETHER THE QUICKBOOKS?

26 A HE WAS NOT CAPABLE TO PUT IT IN A QUICKBOOKS
27 THAT WE COULD UNDERSTAND. BASICALLY, I TASKED HIM TO DO A
28 CERTAIN JOB AND WHEN I SAW HIS PRELIMINARY INPUT, IT DIDN'T

1 MAKE SENSE BECAUSE IT JUST WASN'T JIVING WITH THE NUMBERS I'VE
2 HAD. AND SO I ASKED MR. MONAGHAN JUST TO STICK WITH PAYROLL
3 AND STOP DOING THE QUICKBOOKS BECAUSE I FELT IT WAS A WASTE OF
4 MY MONEY OR RATHER COMPANY'S MONEY TO HAVE HIM LABOR OVER THE
5 BOOKS IN A WAY WHERE, A, I COULD NOT UNDERSTAND WHAT HE WAS
6 DOING; B, HE DID NOT SEEM TO HAVE ENOUGH EXPERIENCE.

7 WHEN I HIRED HIM INITIALLY HE SAID HE USED TO
8 WORK FOR A CONSTRUCTION COMPANY NAMED LATANZA (PHONETIC
9 SPELLING).

10 Q I'M SORRY. WHAT?

11 A LATANZA WAS THE NAME OF A COMPANY HE WORKED
12 FOR. AND I DON'T THINK THAT WAS TRUE BECAUSE HE DIDN'T KNOW
13 HOW TO DO BOOKKEEPING FOR CONSTRUCTION COMPANY. FRANKLY
14 SPEAKING, THAT'S WHY HE WAS HIRED. SO I WAS DISAPPOINTED WITH
15 THE WAY HE WAS DOING HIS JOB, BUT I ALSO FELT SORRY FOR HIM
16 BECAUSE HE WAS OLD AND STUPID. AND I KIND OF KEPT HIM ON TO
17 DO SOME VERY BASIC FUNCTION.

18 AND WHEN WE SWITCHED TO A.D.P., HE SAID THAT HE
19 CAN DO THE A.D.P. PAROLE AND IT WOULDN'T BE A PROBLEM. I
20 DIDN'T KNOW HOW TO DO A.D.P. PAYROLL, NEVER DONE IT, SO I HAD
21 HIM -- HIS NEXT TASK WAS TO DO A.D.P. PAYROLL.

22 Q LET ME ASK YOU ABOUT QUICKBOOKS: HAVE YOU EVER
23 PERSONALLY USED QUICKBOOKS?

24 A I HAVEN'T. I DON'T KNOW HOW. I WOULD LOVE TO
25 BUT I HAVEN'T LEARNED YET.

26 Q SO HE DID MAKE -- STARTED TO MAKE AN ATTEMPT TO
27 PUT WHAT INFORMATION YOU ALREADY HAD INTO A QUICKBOOKS TYPE OF
28 FILE?

1 A YES. WHAT I ASKED HIM TO DO IS JUST TAKE A
2 YEAR, SAY 2005 -- THAT WAS HIS TASK. TAKE A YEAR, 2005, AND
3 GET ALL THE CHECKS AND BANK STATEMENTS AND GO AND BREAK IT
4 DOWN AGAINST MY SPREADSHEETS THAT I HAD THAT WERE STILL IN,
5 YOU KNOW, MY FORMAT AND JUST MAKE SURE THAT, A, YOU VERIFY THE
6 AMOUNTS; MAKE SURE THAT THIS IS THE AMOUNT THAT WAS PAID FOR
7 THIS, THIS IS THE AMOUNT PAID FOR THAT.

8 SO THIS WAY -- AND THEN GOING FORWARD, I WAS
9 HOPING THAT HE CAN HELP ME AS I WAS WRITING CHECKS. I WAS
10 HOPING HE CAN DO IT IN A MORE ACCURATE WAY, IN A WAY WHERE
11 EACH CHECK WOULD BE SEPARATE, RATHER THAN JUST THE WHOLE
12 AMOUNT. I WAS HOPING HE CAN DO, SAY, CHECK 101 WENT TO THIS
13 AND THAT, CHECK 102 WENT TO THIS AND THAT, SO IT WOULD BE
14 MORE, I GUESS, GENERALLY -- MORE EFFICIENT WAY OF DOING
15 ACCOUNTING THAN MINE OR MORE -- I DON'T KNOW -- EASIER WAY
16 GOING FORWARD.

17 Q AND THEN IT ENDED UP WITH MR. MONAGHAN JUST
18 DOING THE A.D.P. PAYROLL?

19 A YES.

20 Q AND I THEN YOU SAID YOU LET HIM GO IN AUGUST OF
21 2007?

22 A EITHER AUGUST OR SEPTEMBER, I DON'T QUITE
23 RECALL BUT SOMEWHERE AROUND THAT DATE.

24 Q AND WHAT WAS THE REASON FOR LETTING HIM GO?

25 A I WANTED TO CUT HIS DAYS TO ONE DAY A WEEK
26 BECAUSE PAROLE WAS DONE ONCE A WEEK AND HE WAS --

27 Q AT THAT TIME WHERE YOU WANTED TO CUT HIM ONE
28 DAY A WEEK, HOW MANY DAYS WAS HE WORKING THEN?

1 A TWICE. TWICE A WEEK.

2 Q THEN WHAT HAPPENED?

3 A SO I ASKED HIM TO -- YOU KNOW, I TOLD HIM THAT,
4 SAY, YOU SHOULD JUST COME IN ONCE A WEEK, MAYBE THURSDAY, AND
5 DO THE PAYROLL BECAUSE, REALLY, THAT'S ALL HE WAS DOING AT THE
6 TIME. AND HE SAID THAT A.D.P. IS A REAL BEAR, ACCORDING TO
7 HIM -- THAT WAS HIS DEFINITION -- AND IT WAS IMPOSSIBLE TO DO
8 IT IN ONE DAY.

9 AND SO I STARTED DOING A LITTLE DIGGING AND I
10 ASKED SOMEBODY I KNEW ABOUT -- GENERALLY SPEAKING, ABOUT HOW
11 DIFFICULT IT IS TO DEAL WITH A.D.P., AND THERE WERE SEVERAL
12 PEOPLE WHOM USED A.D.P. PAYROLL SAID THAT IT WAS VERY EASY.
13 IT WAS A MATTER OF PICKING UP THE TELEPHONE AND SAYING, HEY,
14 THESE ARE THE HOURS AND THIS IS, YOU KNOW, THESE ARE THE
15 PAYROLL NUMBERS. SO IT SEEMED TO ME THAT HE WAS JUST TRYING
16 TO GET MORE HOURS AND NOT -- HE HAD VERY LITTLE SUPERVISION.
17 SO MY UNDERSTANDING WAS IT WAS A GREAT JOB, OF COURSE, YOU
18 KNOW, FOR HIM.

19 Q AND SO YOU TERMINATED HIM. DID IT GO WELL?

20 A I DIDN'T TERMINATE HIM. I HAD AN OFFICE
21 MANAGER, KARA TAVANLAR, TERMINATE HIM. I TRIED NOT TO FIRE
22 ANYBODY. THAT'S WHY I HAD AN OFFICE MANAGER. OBVIOUSLY, IT'S
23 NOT PLEASANT TO FIRE ANYONE, SO I HAD SOMEBODY ELSE TASKED
24 WITH THAT DUTY TO FIRE PEOPLE. I WOULD HIRE PEOPLE, BUT
25 SOMEBODY ELSE WOULD FIRE THEM.

26 Q SO -- AND HOW DID MR. MONAGHAN REACT TO HIM
27 BEING FIRED?

28 A HE WAS SCREAMING, LIKE A WAIL, UP AND DOWN, UP

1 AND DOWN THE HALL. HE WAS LEAVING ME NASTY MESSAGES: HOW
2 DARE I AM NOT GOING TO GIVE HIM A COURTESY OF NOTICE AND FIRE
3 HIM, AND -- HE WAS BELLIGERENT, FRANKLY SPEAKING. HE WAS VERY
4 SOUR AND HE OBVIOUSLY HELD A GRUDGE AGAINST ME FOR FIRING HIM.
5 HE WAS NOT HAPPY TO SAY THE LEAST. HE LEFT ME AT LEAST FIVE
6 OR SIX MESSAGES ON MY CELL PHONE JUST SCREAMING AND SAYING HOW
7 I HAVE TO CALL HIM BACK AND EXPLAIN TO HIM WHY I FIRED HIM OR,
8 YOU KNOW, SOMEBODY ELSE FIRED HIM AND NOT ME PERSONALLY.

9 Q OKAY. AND SO YOU CONTINUED ON DOING THESE
10 SPREADSHEETS THAT WE HAVE UP HERE?

11 A JUST AS I HAVE BEFORE.

12 Q OKAY. ALL RIGHT. LET'S GO BACK NOW TO
13 HOPEFULLY FINISH UP WITH THE NOTEBOOK --

14 A OKAY.

15 Q -- WHICH IS EXHIBIT 816. NOW, ACCORDING TO MY
16 STICKY, I HAVE US LAST ON PAGE 37 OF EXHIBIT 816.

17 A OKAY.

18 Q AND DO YOU BELIEVE THIS IDENTIFIES YOUR WRITING
19 AS OF THOSE DATES WITH THE AMOUNTS?

20 A YES.

21 Q PAGE 38, YOU CONTINUE EXPENSING OR WRITING MORE
22 CHECKS?

23 A YES.

24 Q AND YOU CONTINUED LOANING MONEY TO THE PROJECT?

25 A YES.

26 Q LET ME ASK YOU ABOUT -- AND I'LL GET TO SOME
27 E-MAILS IN A MINUTE -- THE ACTUAL MONEY AS IT'S COMING IN, HOW
28 WOULD YOU NORMALLY MAKE A REQUEST OR HOW WOULD YOU -- HOW

1 WOULD THE MONEY FLOW -- HOW WOULD YOU GET THE MONEY COMING IN?

2 A I WOULD JUST SEND A SHORT E-MAIL TO BECKY
3 FREEMAN WHO WAS ONE OF THE WORKERS, I MEAN, OFFICE WORKERS IN
4 CHARGE OF MANAGING BRONFMANS' MONEY. I JUST SEND A SHORT
5 E-MAIL: WE NEED THIS AMOUNT.

6 Q OKAY. TURNING TO PAGE 39 OF EXHIBIT 816, SO
7 THIS IDENTIFIES AMOUNTS AS OF THIS DATE WHAT'S OWED AND WHAT'S
8 BEEN PAID BACK?

9 A YES.

10 Q OKAY.

11 OKAY. PAGE 50 OF EXHIBIT 816.

12 DOES THAT IDENTIFY MORE LOANS AND THE AMOUNTS
13 THAT ARE OWED AT THAT TIME?

14 A RIGHT.

15 MR. CROCKETT: WAS THERE AN ANSWER, "RIGHT"?

16 THE WITNESS: CORRECT.

17 Q BY MR. RILEY: BY LOOKING AT PAGE 51 AT THE
18 BOTTOM, NOVEMBER 14TH, I BELIEVE, 2005, THERE'S REFERENCE
19 THERE TO PILLEMER. DO YOU SEE THAT?

20 A YES.

21 Q WHO WAS MR. PILLEMER?

22 A HE WAS AN ATTORNEY THAT WE EMPLOYED FOR
23 OURSELVES AND FOR PRECISION WORK.

24 Q AND SO DID HE DO -- DURING THIS TIMEFRAME OF
25 2005 TO JANUARY 2008, DID HE ACTUALLY PERFORM WORK FOR
26 PRECISION DEVELOPMENT?

27 A HE DID.

28 Q AND WHAT TYPE OF WORK DID -- JUST GENERALLY,

1 DID MR. PILLEMER HAVE TO DO FOR THE BUSINESS?

2 A HE WAS DEALING WITH THE NEIGHBOR ISSUE ON
3 ALONZO PROPERTY. HE WAS DEALING WITH HAUL ROUTE FOR
4 LAURELMONT. HE WAS DEALING WITH LIBBIT EVICTIONS, BUT THAT
5 WAS LATER THAN THIS DATE.

6 JUST GENERALLY SPEAKING, IN THE UNIVERSE OF
7 WHAT HE HAS DONE, HE HANDLED EVICTIONS FOR EVERYBODY ON
8 LIBBIT. HE HANDLED COUPLE MEDIATIONS WE HAD SUCH -- ONE --
9 WELL, ONE MEDIATION WE HAD WITH GLORIA MONTEMAYOR, WHO WAS A
10 CIVIL ENGINEER, ON BEHALF OF PRECISION. SO HE ALSO DID WORK
11 ON PREPARING COUNCILMEN LETTERS FOR LAURELMONT BECAUSE THERE
12 WAS A BIG UPROAR ABOUT THE BUILDING ON THAT SIDE WITH
13 NEIGHBORS TRYING TO SAY THAT WE SHOULDN'T BE BUILDING, IT'S A
14 LOT OF DIRT TO BE REMOVED. SO HE ATTENDED SEVERAL MEETINGS
15 WITH NEIGHBORS AND COUNCIL MEETINGS AND SUCH.

16 SO HE DID QUITE A BIT OF WORK THROUGHOUT THE
17 YEARS.

18 Q OKAY.

19 A MULHOLLAND MEETINGS, HANDLE DEPOSITION OF
20 NEIGHBORS ON MULHOLLAND MEETINGS FOR SEVERAL OF OUR
21 PROPERTIES. SO HE DID SEVERAL THINGS AS FAR AS PRECISION
22 MATTERS.

23 Q OKAY.

24 A NUMBER OF THINGS, I'D SAY.

25 Q TURN TO PAGE 53 OF EXHIBIT 816. AGAIN, IS THAT
26 AMOUNTS THAT ARE OWED AS OF THAT DATE, SEPTEMBER 27, 2005?

27 A IT LOOKS THAT WAY, YES.

28 Q TURN TO PAGE 54.

1 A RIGHT.

2 Q AND AT THE TOP IT SAYS, "LOAN TO CAM, 30,000."
3 AND THEN NOTE NUMBER TWO SAYS, "GET X-MAS GIFTS SHIPPED." AND
4 YOU'VE GOT SOME NAMES THERE. SO I WANT YOU TO IDENTIFY THE
5 NAMES.

6 THE FIRST ONE IS BARB?

7 A MS. BOUCHEY.

8 Q AND THE NEXT NAME IS NANCY. WHO IS THAT?

9 A MS. SALZMAN.

10 Q AND THE NEXT NAME IS?

11 A SARA BRONFMAN.

12 Q AND THE NEXT NAME IS?

13 A CLARE BRONFMAN.

14 Q THE NEXT NAME?

15 A MY KIDS' PEDIATRICIAN.

16 Q THE NEXT NAME?

17 A MY DOCTOR.

18 Q NEXT NAME?

19 A MR. PILLEMER, THE ATTORNEY.

20 Q AND THE NEXT NAME?

21 A MR. RANIERE.

22 Q AND THE NEXT NAME?

23 A BECKY FREEMAN.

24 Q AND, AGAIN, WHO IS BECKY FREEMAN?

25 A SHE WAS THE VICE PRESIDENT IN BARBARA BOUCHEY'S
26 OFFICE WHO WORKED FOR HER, I BELIEVE, SOMEWHERE LIKE TEN YEARS
27 MAYBE OR SOMEWHERE CLOSE TO THAT. MANY YEARS.

28 Q WAS THERE SOMETIMES DELAYS BETWEEN YOU SENDING

1 OUT A REQUEST FOR MONEY TO BARBARA BOUCHEY'S OFFICE AND
2 ACTUALLY GETTING THE MONEY?

3 A ALL THE TIME.

4 Q AND IS THAT WHEN YOU HAD TO ADVANCE MONIES TO
5 KEEP THE BUSINESS GOING?

6 A I DID.

7 Q LOOKING AT PAGE 55 -- AND LET ME ASK YOU, YOU
8 DIDN'T HAVE A PROBLEM WITH ADVANCING THE MONEY, DID YOU?

9 A NO.

10 Q AND YOU NEVER COMPLAINED ABOUT IT TO THEM, DID
11 YOU?

12 A NO.

13 Q NOW, PAGE 55, IS THIS IN YOUR OWN HANDWRITING
14 AS OF THIS DATE WHAT YOU BELIEVE WAS BEING OWED?

15 A YES.

16 Q ALL RIGHT. TURN TO 57.

17 A OKAY.

18 Q AND 57 OF EXHIBIT 816 HAS SOME NOTES. CAN YOU
19 READ WHAT THE NOTES ARE ON THIS PAGE?

20 A YES. "LOAN TO CAM SLASH PRECISION 30,000.
21 OFFSET \$181,823.73 BALANCE OWED BY PRECISION BY WORK IN
22 ARROWHEAD BY 125,199.48. BRING IN PRECISION BALANCE EQUAL TO
23 AS OF 2/8/6 56,621 -- 624.25."

24 Q SO WHAT IS THIS "OWED BY"? WHAT ARE YOU
25 REFERENCING THERE? WHAT IS THIS OFFSET?

26 A I GUESS THE BALANCE OF PRECISION WAS 181-ODD
27 DOLLARS. WE OFFSET IT BY SOME -- SOMETHING DONE IN ARROWHEAD
28 AND SO BRING IN PRECISION BALANCE TO 56,600 SOME DOLLARS THAT

1 PRECISION OWED TO US.

2 Q NOW, WHEN YOU STARTED THIS PROJECT, YOU HAD
3 PEOPLE THAT WERE WORKING ON YOUR OWN PROPERTIES; RIGHT?

4 A RIGHT.

5 Q AND THEN DID YOU BRING THEM IN TO WORK ON THE
6 PRECISION PROPERTIES?

7 A I DID. SOME OF THEM.

8 Q AND DID YOU CONTINUE TO USE WORKERS ON YOUR OWN
9 PROPERTIES?

10 A WE DID.

11 Q AND WOULD YOU THEN -- WHEN YOU DID WORK ON YOUR
12 OWN STUFF TO THE BEST OF YOUR ABILITY, WOULD YOU CREDIT THE
13 AMOUNTS THAT WERE OWED TO YOU?

14 A OWED TO ME?

15 Q YES. WOULD YOU CREDIT WORK THAT WAS DONE ON
16 YOUR PRIVATE PROPERTIES AGAINST THE AMOUNT OF MONIES THAT WAS
17 OWED TO YOU BY PRECISION?

18 A CORRECT.

19 Q AND WHAT WOULD NORMALLY HAPPEN AS YOU WERE
20 GOING ALONG AND MONEY WOULDN'T COME IN FROM -- WHEN YOU
21 E-MAILED MS. FREEMAN?

22 A WELL, WE COULDN'T REALLY WAIT BECAUSE WE HAD A
23 LOT OF EXPENSES AND THE PEOPLE WHO HAD EXPENSES WERE -- I
24 MEAN, THE PEOPLE WE OWED MONEY TO WERE DEPENDING -- DEPENDENT
25 ON THEIR PAYCHECKS. SO WE HAD TO PUT MONEY IN. WE COULDN'T
26 STOP THE PROJECT. LUMBER, STEEL, EVERYTHING. I MEAN,
27 DAY-TO-DAY EXPENSES HAD TO BE COVERED. YOU CAN'T JUST STOP
28 BECAUSE YOU HAVE NO MONEY.

1 Q ALL RIGHT. SO LET ME SEE IF I COULD DO THIS
2 BECAUSE I THINK YOUR MATH MAY BE OFF A LITTLE BIT.

3 A COULD BE.

4 Q BUT IT APPEARS HERE AS OF FEBRUARY 8, 2006, YOU
5 HAVE AN AMOUNT OWED TO YOU OF \$56,000 AND CHANGE. IS THAT
6 WHAT YOU'RE REPRESENTING THERE?

7 A THAT'S WHAT IT LOOKS LIKE, YES.

8 Q AND THEN IT APPEARS ON 28 THERE'S ANOTHER LOAN
9 OF \$30,000?

10 A YES.

11 Q DO YOU KNOW IF THAT'S INCLUDED IN THIS 2/8 OR
12 NOT?

13 A I DON'T KNOW.

14 Q OKAY.

15 A I WOULDN'T KNOW.

16 Q OKAY. AND THEN FROM THE 56, IT APPEARS YOU ADD
17 THE 30 AND GET 86?

18 A RIGHT. YES.

19 Q AS OF 2/28 -- AND THEN ON THE NEXT PAGE,
20 EXHIBIT 60, AS OF 2/28 THERE'S ANOTHER LOAN FOR \$30,000?

21 A RIGHT.

22 Q OKAY. SO IT APPEARS YOU ADVANCED 60 BUT ONLY
23 COUNTED 30 THERE. DO YOU KNOW IF THAT'S RIGHT OR NOT?

24 A I DON'T KNOW.

25 Q OKAY. NOW, GOING TO PAGE 61.

26 CAN YOU TELL ME WHAT'S WRITTEN DOWN ON PAGE 61.

27 A YEAH. IT LOOKS LIKE A BALANCE OWED BY
28 PRECISION IS 136,624.25 OFFSET BY ARROW -- ARROWHEAD \$122,761,

1 3/23/6, 15,000 LOAN, BALANCE 137,761, 3/30/6 147,761.25

2 Q OKAY. ALL RIGHT. GOING TO PAGE 63, ARE YOU
3 SHOWING MORE OFFSETS AND MORE LOANS?

4 A LOOKS LIKE IT, YES. IT LOOKS LIKE -- RIGHT.

5 Q OKAY. SO YOU TRIED TO DO THIS AS BEST YOU
6 COULD?

7 A YEAH, AS I WAS JUST WRITING THINGS FOR MYSELF
8 REALLY, NOT --

9 Q OKAY. PLEASE TURN TO PAGE 65 OF EXHIBIT 816.

10 A OKAY.

11 Q AND ARE THESE MORE OF YOUR NOTES ABOUT THE
12 AMOUNTS OWED?

13 A IT LOOKS THAT WAY.

14 Q SO IT APPEARS THAT AS OF MAY 22ND, 2007, YOU
15 APPEARED TO HAVE A BALANCE OF \$325,000. IS THAT AMOUNTS THAT
16 YOU BELIEVE WERE OWED TO YOU AT THAT TIME?

17 A RIGHT.

18 Q AND THEN YOU SAY, "PLUS KNOBHILL APPROXIMATELY
19 490." IS THAT REFERENCING THE INTRODUCTION OF KNOBHILL INTO
20 THE PRECISION PROPERTY LINEUP?

21 A RIGHT.

22 Q TURN TO EXHIBIT 60 -- PAGE 67.

23 A RIGHT.

24 Q AGAIN, YOU HAVE A BALANCE PLUS KNOBHILL AND
25 THEN YOU'VE GOT SOME OFFSETS DOWN AT THE BOTTOM?

26 A RIGHT.

27 Q AND CAN YOU TELL ME WHAT THOSE OFFSETS ARE?

28 A WHATEVER WE SPEND ON ROXBURY DRIVE, IT LOOKS

1 LIKE.

2 Q SO PRIOR TO THE OFFSET YOU WROTE 295,000 AND
3 THEN YOU OFFSET APPROXIMATELY 30,000?

4 A CORRECT.

5 Q NOW, LET ME INTERRUPT FOR A SECOND. AND YOU
6 TALKED ABOUT THE FIRST MEETING THAT YOU HAD. DID EITHER OF
7 THE BRONFMAN SISTERS EVER COME OUT AND VISIT YOU HERE IN LOS
8 ANGELES?

9 A THEY DID.

10 Q DO YOU RECALL WHEN THE FIRST TIME WAS THAT THE
11 BRONFMAN SISTERS CAME OUT AND VISITED YOU HERE IN LOS ANGELES?

12 A SARA AND NANCY -- WELL, SARA CAME WITH NANCY
13 IN, I BELIEVE, JULY OF 2005. THAT WAS THE FIRST TIME AS FAR,
14 AS I KNOW, THAT -- WELL, SHE VISITED US.

15 Q SO SARA BRONFMAN AND NANCY SALZMAN CAME OUT?

16 A YES.

17 Q AND HOW LONG WERE THEY OUT HERE FOR?

18 A MAYBE THREE OR FOUR DAYS.

19 Q AND WHERE DID THEY STAY?

20 A I DON'T REMEMBER IF THEY STAYED WITH US OR IN
21 HOTEL. I THINK ONE NIGHT THEY STAYED WITH US AND THEN ONE
22 NIGHT THEY STAYED IN A HOTEL OR TWO NIGHTS IN A HOTEL.
23 SOMETHING LIKE -- TO THAT EFFECT. I THINK THEY STAYED AT
24 SHATTERS IN SANTA MONICA FOR A NIGHT OR TWO, THEN THEY STAYED
25 WITH US ONE NIGHT AND THEN THEY STAYED ELSEWHERE. SO I DON'T
26 QUITE REMEMBER WHERE THEY STAYED, BUT SHATTERS APPEARS TO BE
27 ONE OF THE PLACES THEY HAD STAYED.

28 Q AND WHEN THEY CAME OUT AND VISITED THAT TIME,

1 DID YOU SHOW THEM ANYTHING HAVING TO DO WITH THE BUSINESS?

2 A YES. WE SHOWED THEM A NUMBER OF PROPERTIES
3 THAT WERE ACQUIRED INCLUDING ALONZO, LAURELMONT, I RECALL,
4 MAYBE NATOMA. COUPLE OTHER PROPERTIES. I DON'T REMEMBER HOW
5 MANY, MAYBE FIVE OR SIX, I WANT TO SAY.

6 Q DID THEY SEE THE OFFICE AT ALL AT THAT TIME?

7 A I THINK SO. I THINK THEY DID ACTUALLY. THEY
8 CAME AND VISITED US IN THE OFFICE IN NORTHRIDGE. THAT'S WHAT
9 I RECALL -- SEEM TO RECALL.

10 Q AND --

11 A SO...

12 Q -- AS FAR AS YOU RECALL, ANY QUESTIONS AT ALL
13 ABOUT WHAT YOU WERE DOING OR HOW YOU WERE DOING ANYTHING?

14 A NO. NOT AT ALL.

15 Q IT WAS A PLEASANT VISIT?

16 A VERY. ALWAYS WAS PLEASANT.

17 Q WE'RE ALMOST TO THE END OF THE NOTEBOOK.

18 PAGE 69. IT APPEARS AS OF NOVEMBER 2007,
19 YOU'RE OFFSETTING MONIES FOR ROXBURY?

20 A RIGHT.

21 Q AGAIN, WHEN DID YOU PURCHASE ROXBURY?

22 A AUGUST OF 2006.

23 Q AND DID EITHER OF THE BRONFMANS EVER SEE THE
24 PROPERTY AT ROXBURY?

25 A SARA AND NANCY SAW THE PROPERTY AT ROXBURY.

26 Q AND WERE YOU WITH THEM WHEN THEY SAW IT?

27 A YES. WE TOOK THEM THERE, AND SAID NEXT TIME
28 YOU GUYS COME, HOPEFULLY YOU CAN STAY WITH US BECAUSE IT'S

1 THREE BLOCKS FROM RODEO DRIVE. I THINK THAT'S WHY I REMEMBER
2 THE CONVERSATION. AND THEY SAID, "YEAH. WE'RE GOING TO HAVE
3 TO STAY WITH YOU GUYS."

4 Q AND THEY WERE AWARE THAT YOU WERE GOING TO
5 DEVELOP THAT AS YOUR OWN HOUSE?

6 A YES. WE SAID WE'RE GOING TO TAKE DOWN THE OLD
7 HOUSE AND BUILD A NEW HOME, OF COURSE. IT WAS NO -- THERE WAS
8 NO MYSTERIES THERE.

9 Q OKAY. NOW WE'RE TO PAGE 71 OF EXHIBIT 816 AND
10 WE'RE INTO JANUARY OF 2008. I KNOW WE'RE JUMPING AHEAD A
11 LITTLE BIT.

12 BUT IN JANUARY 2008, AFTER MR. PARLATO CAME,
13 DID YOU PUT MORE MONEY INTO THE BANK ACCOUNTS OF PRECISION?

14 A I DID.

15 Q AND WHO REQUESTED THAT YOU PUT MORE MONEY INTO
16 THE BANK ACCOUNTS OF PRECISION?

17 A MR. PARLATO DID.

18 Q AND DID HE TELL YOU WHY TO DO THAT?

19 A HE DID. HE SAID, "WHILE WE'RE LOOKING AT
20 THINGS AND TRYING TO DETERMINE THINGS, WHY DON'T YOU GUYS
21 FLOAT THE COMPANY SOME MONEY SO YOU CAN MAKE PAYROLL AND THEN
22 WE'LL JUST PAY YOU BACK IN A FEW DAYS."

23 SO MONDAY MORNING, I BELIEVE, I DEPOSITED
24 60,000 ON -- ON THE 8TH OF JANUARY, I DEPOSITED 60,000 SO THE
25 WORKERS WOULD GET PAID ON PRECISION PROJECT.

26 Q OKAY. AND IS THAT REFERENCED TO ON PAGE 72 OF
27 EXHIBIT 816?

28 A 71 AND 72, YES.

1 Q OKAY. NOW -- HOLD ON A SECOND. AS YOUR LAST
2 ENTRY, I WANT TO SEE WHAT -- YOUR LAST ENTRY HERE, IT SAYS,
3 "BALANCE OWED TO US \$69,000." YOU SEE THAT?

4 A YES.

5 Q OKAY.

6 A RIGHT.

7 Q NOW, YOU ALSO PUT IN THE MONEY FOR KNOBHILL;
8 RIGHT?

9 A THROUGH MY MOTHER, YES.

10 Q OKAY. ALL RIGHT. NOW, GOING BACK TO EXHIBIT
11 FIVE, WHICH IS THE ONE THAT THE -- MR. CROCKETT INTRODUCED.
12 THIS DOCUMENT AT THE END APPEARS TO INDICATE FROM THE
13 ACCOUNTS, LET ME SEE -- THEY HAVE AN AMOUNT OF \$409,000 THAT
14 IS OWED TO YOU. DOES THAT APPEAR WHAT THIS --

15 A RIGHT.

16 Q DOES THAT APPEAR WHAT THIS DOCUMENT SAYS?

17 A IT DOES APPEAR. THIS ONE, YES.

18 Q SO LET ME TAKE YOU THROUGH SOME OF THESE
19 TRANSACTIONS FOR A MINUTE. I'M GOING TO TRY TO DO THIS AS
20 QUICKLY AS POSSIBLE BECAUSE I KNOW EVERYONE IS FALLING ASLEEP
21 AND GETTING HOT.

22 SO, AGAIN, IN THIS DOCUMENT, WHICH IS EXHIBIT
23 5, IT'S SHOWING ALL THE AMOUNTS THAT -- IT'S SHOWING AMOUNTS
24 THAT WERE PAID BACK TO YOU; CORRECT?

25 A I THINK SO, YES.

26 Q OKAY. ALL RIGHT. SO WHAT I'M GOING TO DO
27 HERE, I AM ON EXHIBIT 5, BUT THE PAGES AREN'T NUMBERED, SO FOR
28 THE RECORD, THERE'S A BATES NUMBER -- THERE'S AN INTERNAL PAGE

1 NUMBER OF 15 AND A BATES NUMBER OF SUB35649, AND THAT APPEARS
2 TO RUN TRANSACTIONS THROUGH -- LET ME PULL THIS OUT A LITTLE
3 BIT -- RUNS TRANSACTIONS THROUGH APPROXIMATELY MAY OF 2007 AND
4 THEN IT APPEARS TO START ACCOUNTING FOR LOGVIN.

5 SO I'M NOW GOING TO ZOOM THAT IN A LITTLE BIT
6 TO MAKE IT EASIER TO TRY AND SEE.

7 SO IT APPEARS THAT AS OF THAT DATE IN MAY OF
8 2007 THERE WAS APPROXIMATELY \$362,000 OWED TO YOU BEFORE THE
9 ACCOUNTING FOR YOUR MOTHER'S EXPENDITURES. IS THAT WHAT'S
10 GOING ON THERE?

11 A IT LOOKS LIKE THAT, YEAH.

12 Q OKAY. THEN THE NEXT FEW PAGES APPEAR TO
13 ACCOUNT FOR ALL THE EXPENDITURES BY ANNA LOGVIN?

14 A RIGHT.

15 Q OKAY. AND THEN ON PAGE -- INTERNAL PAGE 20 ON
16 EXHIBIT FIVE, THOSE APPEAR TO HAVE ALL BEEN LOGGED IN AS OF
17 MAY 18TH, 2007, AND THEN IT'S BACK TO CREDITS AND DEBITS
18 ACCORDING TO YOUR PERSONAL EXPENSES; IS THAT RIGHT?

19 A RIGHT.

20 Q OKAY. NOW, JUST COUPLE MORE ENTRIES ON THIS
21 DOCUMENT.

22 DID YOU GO ON A SHOPPING SPREE AT NEIMAN
23 MARCUS?

24 A NO -- WELL, WHEN?

25 Q ALL RIGHT.

26 A MAYBE SOMETIME.

27 Q LET'S TAKE A LOOK AT WHAT'S IN THESE RECORDS,
28 THOUGH.

1 A OKAY.

2 Q AND I THINK I'VE HIGHLIGHTED ALL OF THEM?

3 A RIGHT.

4 Q LET'S START WITH THE EASY ONE DOWN ON THE
5 BOTTOM. NEIMAN MARCUS HERE. LET'S ZOOM BACK IN. THERE'S TWO
6 CHARGES RIGHT NEXT TO EACH OTHER AND THESE ARE DATED SEPTEMBER
7 15TH, 2007?

8 A RIGHT.

9 Q AND IT APPEARS FROM AN AMERICAN EXPRESS CARD
10 THAT THERE WAS A CHARGE FOR \$43.30?

11 A RIGHT.

12 Q AND THEN A CREDIT FOR 43.30?

13 A CORRECT.

14 Q CAN YOU EXPLAIN THAT?

15 A I REALIZED I USED THE WRONG CARD, SO I WENT AND
16 RETURNED THE CHARGE -- I MEAN, RETURN THE ITEM AND CHARGED IT
17 ON MY CREDIT CARD AFTERWARDS.

18 Q AND THERE APPEARS TO BE ANOTHER \$43 ABOVE
19 THERE.

20 A RIGHT.

21 Q 268 AND \$103.

22 A RIGHT.

23 Q THAT -- SAME THING?

24 A I DON'T KNOW. I CAN'T SEE REALLY WHO --

25 Q THAT'S NEIMAN MARCUS.

26 A OKAY. YEAH. THEN OBVIOUSLY THAT'S WHAT IT IS.

27 Q OKAY. AND NOW LET'S GO FIND YOUR SHOPPING
28 SPREE AT SAKS?

1 A OKAY.

2 I THINK THERE'S TWO CHARGES FOR SAKS. THEY
3 APPEAR TO BE IN DECEMBER?

4 A OF '07, RIGHT.

5 Q ARE THOSE COMPANY GIFTS, CHRISTMAS GIFTS MAYBE?

6 A I DON'T KNOW.

7 Q OKAY.

8 A I DON'T RECALL.

9 Q ALL RIGHT. AND SO -- THERE'S TWO AMERICAN
10 EXPRESS CHARGES THERE FOR 641 AND \$58?

11 A RIGHT.

12 Q IS THAT -- TO YOUR KNOWLEDGE, IS THAT ALL THE
13 CHARGES FOR THESE THREE YEARS THAT APPEAR TO BE TO THESE
14 DEPARTMENT STORES?

15 A IT IS.

16 Q OKAY. OKAY. LET'S GO BACK TO EXHIBIT 509, BUT
17 I CAN'T REMEMBER WHETHER I ASKED THAT ONE TO BE ADMITTED OR
18 NOT. OR MAYBE WE DISCUSSED IT BUT --

19 A YOU DID ASK.

20 Q WE DID TALK ABOUT THAT ONE.

21 A RIGHT.

22 Q SO LET'S GO TO THE NEXT ONE THEN.

23 A OKAY.

24 Q LET'S GO TO 515.

25 A I SEE.

26 Q AND I CAN'T REMEMBER -- I MAY HAVE ADMITTED
27 THIS ONE, YOUR HONOR. I JUST CAN'T RECALL.

28 THE COURT: YES. I HAVE IT DOWN AS ADMITTED.

1 MR. CROCKETT: LET'S PULL THAT ONE.

2 Q OKAY. SO THIS E-MAIL APPEARS TO BE FROM SARA.
3 THIS TOP E-MAIL ON 515-1, IT SAYS, "DEAR YURI, GREAT TO HEAR
4 FROM YOU," ON AUGUST 2ND, 2005. AND IT SAYS, "I LOOK FORWARD
5 TO SEEING PICTURES, ET CETERA, OF THE LOTS THAT WE DID NOT GET
6 TO SEE. I HAVE MY MAP OF L.A. IN MY OFFICE READY TO BE HUNG."

7 DO YOU KNOW WHAT MAP THAT'S REFERENCING?

8 A I THINK YURI GAVE SARA A MAP OF LOS ANGELES
9 WITH -- I THINK. I MEAN, THAT'S AT LEAST WHAT I REMEMBER. IT
10 HAS BEEN SIX YEARS. BUT IT APPEARS TO BE THAT HE GAVE HER MAP
11 WITH MAYBE A LITTLE DOTS WHERE THE PROPERTIES WERE SO THAT SHE
12 CAN HAVE A BETTER REFERENCE OF THAT.

13 Q OKAY. AND THEN THE E-MAIL CONTINUES, "I WANT
14 TO FOLLOW UP WITH YOU WITH RESPECT TO LUIS AND ROSITA
15 NOGALES." DO YOU KNOW WHAT THAT'S IN REFERENCE TO?

16 A I DO.

17 Q WHAT IS THAT?

18 A THOSE ARE THE PEOPLE THAT -- I DON'T KNOW IF
19 WE -- I THINK THAT WAS THE TIME THAT WE WENT TO VISIT THEM.
20 MR. NOGALES HAS AN OFFICE ON SUNSET AND DOHENY, AND I BELIEVE
21 ON THAT VISIT THEY SAID, "OH," NANCY AND SARA SAID, " WE HAVE
22 TO STOP BY THEIR OFFICE AND SPEAK WITH THEM ABOUT SOMETHING."
23 AND SO WE -- THEY TOLD -- THEY INVITED US TO GO WITH THEM, AND
24 SO WE SAT DOWN WITH MR. NOGALES, AND HIS WIFE, I BELIEVE, WAS
25 THERE. AND I DON'T EXACTLY KNOW WHAT WAS THE PURPOSE OF US
26 BEING THERE EXCEPT -- HONESTLY, I DON'T KNOW WHAT WAS THE
27 PURPOSE OF US BEING THERE. BUT BASICALLY SARA AND NANCY WAS
28 TRYING TO GET LUIS TO TAKE THE NXIVM PROGRAM, AND I BELIEVE

1 ROSITA NOGALES ALREADY TOOK A PROGRAM AND SO SHE WAS TRYING TO
2 GET HER HUSBAND INVOLVED AS WELL AND --

3 Q OKAY.

4 A -- THAT WAS THE PURPOSE OF THE MEETING, AT
5 LEAST AS FAR AS SARA AND NANCY WENT.

6 Q OKAY.

7 A SO...

8 Q SO THIS E-MAIL CONTINUES, "BEFORE YOU MEET WITH
9 THEM, I WOULD VERY MUCH LIKE TO GIVE YOU SOME DATA ABOUT THE
10 VIP PROGRAM THAT I AM WORKING ON WITH NANCY."

11 WHAT IS THAT THAT SHE'S REFERENCING THERE?

12 A MY UNDERSTANDING IS THAT THEY HAD A VIP PROGRAM
13 THAT WAS LIKE 25,000 A POP TO ATTEND FOR PEOPLE WHO ARE
14 WEALTHIER. SO I DON'T KNOW. I THINK IT'S -- I'M NOT SURE
15 WHERE IT WAS HELD, BUT THAT'S WHAT I REMEMBER BY THE VIP
16 PROGRAM. IT'S JUST ONE OF THOSE SEMINARS BUT NOT FOR PEOPLE
17 TO PAY, I DON'T KNOW, 25-, \$2600 BUT RATHER MORE EXPENSIVE
18 PROGRAM. AND, FRANKLY, I NEVER TOOK IT, SO I WOULDN'T KNOW --

19 Q OKAY.

20 A -- WHAT DIFFERENCE THIS PROGRAM HAD VERSUS THE
21 REGULAR PROGRAM.

22 Q OKAY. PLEASE TAKE A LOOK AT WHAT'S BEEN
23 PREVIOUSLY MARKED AS EXHIBIT 516.

24 A OKAY.

25 Q DO YOU RECOGNIZE THAT AS E-MAILS THAT YOU SENT
26 OUT?

27 A I DO.

28 MR. RILEY: MOVE TO ADMIT.

1 THE COURT: ANY OBJECTION?

2 MR. CROCKETT: IS -- THIS IS HEARSAY. IT DOESN'T LOOK
3 LIKE ANY OF THESE INVOLVE MY CLIENT. IT'S HEARSAY.

4 THE COURT: ALL RIGHT. SEE IF YOU CAN CLEAR IT.

5 MR. RILEY: LET ME ASK A COUPLE OF OTHER QUESTIONS.

6 THE COURT: SUSTAINED.

7 Q BY MR. RILEY: AS FAR AS YOUR INDIVIDUAL
8 UNDERSTANDING GOES IN THIS WHOLE REAL ESTATE DEAL THAT YOU HAD
9 GOING ON FOR THESE THREE YEARS, WHO MADE THE DECISIONS?

10 A KEITH AND YURI.

11 Q AND WHEN YOU SAY KEITH, THAT'S MR. RANIERE?

12 A YES, IT IS.

13 Q SO IT WAS MR. RANIERE MAKING ALL THE DECISIONS
14 AS FAR AS YOU WERE AWARE FOR THE BRONFMAN SISTERS?

15 A HE DOES STILL.

16 MR. RILEY: MOVE TO ADMIT.

17 MR. CROCKETT: YOUR HONOR, IT'S HEARSAY.

18 MR. RILEY: NOT FOR THE TRUTH OF THE MATTER ASSERTED.

19 MR. CROCKETT: THAT'S AN EXCUSE.

20 THE COURT: I'M GOING TO HAVE TO READ THE DOCUMENT
21 MORE CAREFULLY, BUT SUSTAINED FOR NOW. WE'LL GET BACK TO IT.
22 WHY DON'T YOU MOVE ON.

23 MR. RILEY: I'LL MOVE ON TO A QUESTION WITHIN IT.

24 Q IT'S REFERENCING A PASSWORD FOR THIS TRADING
25 ACCOUNT. DO YOU SEE THAT?

26 A I DO.

27 Q AND WHAT IS THE PASSWORD THERE?

28 A VANGUARD.

1 Q VANGUARD. AND WHAT DOES VANGUARD REFER TO?

2 A WELL, MR. RANIERE HAD FOLKS IN NXIVM CALL HIM
3 VANGUARD AS FAR AS WE KNEW AT LEAST IN THE PAST. I DON'T KNOW
4 IF HE STILL DOES.

5 Q ALL RIGHT.

6 TURN TO WHAT'S BEEN PREVIOUSLY MARKED AS
7 EXHIBIT 518.

8 A I SEE.

9 Q OKAY. AND IS THIS AN E-MAIL THAT YOU GOT FROM
10 KEITH RANIERE REGARDING THIS TRANSACTION, THE REAL ESTATE
11 TRANSACTION?

12 A IT LOOKS THAT WAY.

13 MR. RILEY: MOVE TO ADMIT EXHIBIT 518.

14 MR. CROCKETT: I DON'T KNOW WHAT "LOOKS THAT WAY"
15 MEANS, YOUR HONOR. IT DOESN'T LOOK LIKE IT HAS ENOUGH
16 FOUNDATION THERE.

17 THE COURT: ALL RIGHT. LAY A FOUNDATION.

18 Q BY MR. RILEY: IS THAT YOUR E-MAIL ADDRESS ON
19 THE "TO" LINE?

20 A YES.

21 Q IS THAT MR. RANIERE'S E-MAIL ON THE "FROM"
22 SIDE?

23 A YES.

24 Q AND PAGE TWO, THE ACTUAL SPREADSHEET, DOES THAT
25 REFERENCE THE PROPERTIES AT ISSUE IN THIS CASE?

26 A YES, IT DOES.

27 MR. RILEY: MOVE TO ADMIT.

28 MR. CROCKETT: THAT'S NOT ENOUGH FOUNDATION. HAS SHE

1 SEEN IT BEFORE? IS IT SOMETHING SHE REMEMBERS? I MEAN, SHE'S
2 JUST REPEATING WHAT THE DOCUMENT SAYS.

3 THE COURT: ALL RIGHT. FOLLOW UP WITH A QUESTION
4 THEN.

5 Q BY MR. RILEY: DID YOU EVER SEE THIS -- DID YOU
6 RECEIVE THIS E-MAIL?

7 A I DID.

8 Q AND DID YOU RECEIVE IT --

9 MR. CROCKETT: ALL RIGHT. NO OBJECTION.

10 THE COURT: ALL RIGHT. 518 IS ADMITTED.

11 MR. CROCKETT: SORRY, YOUR HONOR.

12 THE COURT: THAT'S ALL RIGHT. THAT'S ALL RIGHT. LACK
13 OF FOUNDATION. THAT'S FINE. IT'S BEEN LAID. SO 518 CAN BE
14 ADMITTED.

15

16 (EXHIBIT 518 ADMITTED INTO EVIDENCE.)

17

18 Q BY MR. RILEY: OKAY. SO WE'RE ON PAGE ONE OF
19 EXHIBIT 518. AND, AGAIN, AT THE "FROM", THE E-MAIL ADDRESS
20 DISPLAYED THERE, THAT'S MR. RANIERE'S?

21 A YES.

22 Q AND THE "TO" IS YOURS?

23 A YES.

24 Q OKAY. AND THE NEXT PAGE, ARE THESE
25 SPREADSHEETS THAT ARE CREATED BY MR. RANIERE FOR THESE
26 PROPERTIES?

27 A YES.

28 Q LET'S TRY AND PULL UP A LITTLE BIT OF THIS.

1 SO IS THIS SPREADSHEET IDENTIFYING
2 APPROXIMATIONS FOR VARIOUS PROPERTIES THAT WERE PURCHASED ON
3 BEHALF OF THE PROJECT?

4 A YES, IT DOES.

5 Q AND TO YOUR KNOWLEDGE WAS ALL -- WERE ALL THESE
6 TYPES OF DISCUSSIONS HELD WITH MR. RANIERE AS OPPOSED TO
7 EITHER SARA OR CLARE BRONFMAN?

8 A YES, IT WAS.

9 Q ALL RIGHT. PLEASE TURN TO WHAT'S BEEN
10 PREVIOUSLY MARKED AS EXHIBIT 519?

11 A OKAY.

12 Q IS THIS E-MAILS BETWEEN YOU AND BARBARA
13 BOUCHEY'S OFFICE -- ARE THESE E-MAILS BETWEEN YOU AND BARBARA
14 BOUCHEY'S OFFICE REGARDING MONEY REQUESTS RELATED TO THE
15 PROPERTIES AT ISSUE IN THIS CASE?

16 A YES.

17 MR. RILEY: MOVE TO ADMIT EXHIBIT 519.

18 MR. CROCKETT: NO OBJECTION.

19 THE COURT: ALL RIGHT.

20

21 (EXHIBIT 519 ADMITTED INTO EVIDENCE.)

22

23 Q BY MR. RILEY: OKAY. LET'S GO DOWN TO THE
24 BOTTOM E-MAIL.

25 A I SEE.

26 Q THE DATE OF THIS IS FEBRUARY 1ST, 2006. IT
27 READS, "DEAR BARBARA, HOPE YOU'RE DOING FINE. I'M WRITING TO
28 GET A WIRE FOR VARIOUS REAL ESTATE EXPENSES. WE NEED ABOUT

1 \$250,000. PART OF IT IS FOR THE CONDO PROJECT AND PART FOR
2 ENGINEERING, ARCHITECTURAL, AND CITY FEES FOR OTHER
3 PROPERTIES."

4 AND THEN YOU END THE E-MAIL, "GIVE OUR LOVE TO
5 EVERYONE, LOVE NATASHA."

6 IS THIS THE NORMAL WAY THAT YOU WOULD REQUEST
7 MONIES?

8 A MORE DETAILED THAN USUAL ACTUALLY. IT'S RATHER
9 UNUSUAL FOR ME TO SAY WHAT IT'S FOR. USUALLY IT'S, WE NEED
10 THIS AND THAT AMOUNT FOR EXPENSES.

11 Q OKAY. NOW, IN THE BODY WHEN YOU'RE REFERENCING
12 THE CONDO PROJECT, WHAT IS THAT REFERENCING?

13 A CONDO ON LIBBIT AVENUE, 4741 LIBBIT AVENUE IN
14 ENCINO.

15 Q OKAY. NOW, HOW DID THE CONDO PROJECT COME
16 ABOUT?

17 A ONE OF THE VISITS OF SARA AND NANCY WAS, I
18 BELIEVE, IN NOVEMBER -- MAYBE SEPTEMBER -- SEPTEMBER OR
19 OCTOBER OF 2005, THEY CAME OUT AGAIN FOR -- NOT TO SEE THE
20 PROPERTIES BUT I THINK IT WAS SOMETHING TO DO WITH FILM BEING
21 RELEASED AND THEY WERE TRYING TO INTERVIEW SOME PEOPLE. I'M
22 NOT SURE.

23 BUT AT ANY RATE, WE TOOK THEM BY THE PROJECT.
24 I HAD MY EYE ON THIS PROPERTY FOR A WHILE, SINCE SUMMER. I
25 THOUGHT IT WAS A GOOD PROJECT TO HAVE BECAUSE IT WAS IN VERY,
26 VERY NICE AREA AND IT WAS RARE THAT SUCH PIECE OF PROPERTY
27 GOES ON SALE. AND SO, IT WAS IN MY OPINION, A GOOD INVESTMENT
28 TO -- AT THE TIME. SO WE TOOK SARA AND NANCY TO THE SITE AND

1 SAID, "WELL, YOU KNOW THIS IS ANOTHER PIECE OF PROPERTY THAT
2 YOU GUYS MAY BE INTERESTED IN," AND AS I RECALL, THEY CALLED
3 MR. RANIERE AND IN THE NEXT FIVE MINUTES THEY GAVE US GREEN
4 LIGHT TO BUY THE \$6.6 MILLION PROPERTY.

5 Q SO THEY'RE OUT IN LOS ANGELES; YOU DRIVE BY
6 THIS PROPERTY FOR SALE FOR \$6.6 MILLION?

7 A YES.

8 Q AND ONE PHONE CALL TO MR. RANIERE AND IT'S A
9 DONE DEAL?

10 A YES.

11 Q NO PAPERWORK, NO ANYTHING?

12 A NOPE.

13 Q AND DID THEY APPEAR TO LIKE THE PROJECT?

14 A VERY MUCH SO. THEY THOUGHT IT WAS VERY, VERY
15 NICE AND IT WAS VERY NICE ACTUALLY, FRANKLY SPEAKING. STILL
16 IS NICE PROJECT.

17 Q THIS IS LIBBID, L-I-B-B-I-D?

18 A T. L-I-B-B-I-T. YES. MAYBE TWO.

19 Q AND THIS IS RIGHT OFF OF VENTURA BOULEVARD.

20 A IT IS. IT'S RIGHT BY WHERE MICHAEL JACKSON'S
21 PARENTS LIVE. IT'S REALLY BEAUTIFUL. SOUTH OF VENTURA. IT
22 WAS APARTMENT COMPLEX AT THE TIME THAT WE HAD PURCHASED, AND
23 WHAT ATTRACTED US TO THIS PROPERTY IT HAD A TRACT MAP, SO IT
24 WOULDN'T BE TAKING AS LONG TO HAVE THIS CONVERSION FROM
25 APARTMENT COMPLEX TO 33 UNIT CONDO PLUS NEXT DOOR, AVALON BAY,
26 WHICH IS LUXURY, MIXED-USE PROJECT WAS STARTING TO -- WERE IN
27 THE PLANNING STAGES OF BUILDING A HUGE COMPLEX, LIKE A FOUR-
28 STORY RETAIL DOWNSTAIRS AND THEN APARTMENTS -- VERY HIGH-END

1 APARTMENTS UPSTAIRS.

2 SO THAT WAS -- THAT WAS THE ATTRACTION
3 BASICALLY. WE'D BE RIGHT NEXT TO LUXURY APARTMENTS, QUIET
4 STREET, SHOPPING CLOSE BY, GELSON'S NEXT DOOR. WHAT HAVE YOU.
5 JUST REALLY NICE. A LOT OF FOOT TRAFFIC AS FAR AS VENTURA
6 GOES. RESTAURANTS, GOOD SCHOOL DISTRICT.

7 Q SO YOU MENTIONED IT HAD A TRACT MAP. WHAT DOES
8 THAT MEAN?

9 A IT MEANS IT TAKES SOMETIMES A YEAR OR TWO TO
10 GET IT APPROVED TRACT MAP BY THE CITY. SO THE PREVIOUS OWNER
11 APPLIED THROUGH HIS ARCHITECTS, AND IT WAS APPROVED FOR 33
12 UNIT BUILDING BECAUSE BEFORE IT WAS 22 UNIT APARTMENT
13 BUILDING, OLD APARTMENT BUILDING. AND SO NOW IT WAS APPROVED
14 FOR THIS LUXURY CONDO PROJECT REAL BEAUTIFUL. WE SAW
15 RENDERINGS. WE SAW -- JUST VERY HIGH-END, EXPENSIVE 850, 900
16 A POP AT THE TIME, OF COURSE, UNITS.

17 SO IT WAS A BIG ATTRACTION. PLUS THERE WAS NO
18 CONDOS ON THE SOUTH SIDE OF VENTURA BECAUSE IT'S MOSTLY LUXURY
19 HOUSES, NOT APARTMENTS, LIKE ON ACRE LOTS, DEEP, YOU KNOW --
20 DEEP BACK YARDS, VERY LUXURIOUS, REALLY, HOMES.

21 THE COURT: ALL RIGHT. MR. RILEY, WHY DON'T WE STOP
22 NOW FOR OUR AFTERNOON BREAK.

23 MR. RILEY: GREAT. THANK YOU, YOUR HONOR.

24 THE COURT: AGAIN, LADIES AND GENTLEMEN, DON'T TALK
25 ABOUT THE CASE AMONGST YOURSELVES OR OTHERS; FORM ANY OPINIONS
26 ABOUT THE CASE UNTIL YOU'VE HEARD ALL THE EVIDENCE. AND MEET
27 BACK THEN TEN AFTER 3:00.

28 YOU MAY STEP DOWN.

1 THE WITNESS: THANK YOU.

2

3 (A RECESS WAS TAKEN AT THIS TIME.)

4

5 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
6 HELD IN OPEN COURT IN THE PRESENCE OF THE
7 JURY:)

8

9 THE COURT: WELCOME BACK.

10 THE JURORS AND ALTERNATES ARE ALL PRESENT.
11 COUNSEL ARE PRESENT. THE PARTIES ARE PRESENT.

12 MRS. PLYAM, YOU'RE STILL UNDER OATH. DO YOU
13 UNDERSTAND?

14 THE WITNESS: YES.

15 THE COURT: ALL RIGHT. GO AHEAD, MR. RILEY, YOU MAY
16 CONTINUE.

17 MR. RILEY: THANK YOU, YOUR HONOR.

18

19 CROSS-EXAMINATION (CONTINUED)

20 BY MR. RILEY:

21 Q MS. PLYAM, COULD YOU PLEASE GO TAKE A LOOK AT
22 EXHIBITS -- LET'S DO THIS TOGETHER -- WELL, ACTUALLY FIVE --
23 I'M GOING TO HAVE YOU LOOK AT EXHIBITS 521 AND 522 AND TELL ME
24 IF YOU RECOGNIZE THOSE. ACTUALLY JUST TAKE A LOOK AT EXHIBIT
25 522.

26 A I SEE IT.

27 Q OKAY. AND COULD YOU TELL ME WHAT EXHIBIT 522
28 TWO IS?

1 A YES. IT'S RENDERING OF -- IT'S COMING FROM
2 KADIE PRESLEY FROM C.B.R.E. AND IT SAYS, "DEAR NATALIE, WE
3 HAVE A RENDERING OF LIBBIT AVENUE PROPERTY AT OUR OFFICE AND I
4 WANTED TO OFFER IT TO YOU AND YOUR CLIENTS. IT EXTENDS
5 APPROXIMATELY 18 FEET HIGH AND 27 FEET WIDE." I GUESS FEET OR
6 INCHES. INCHES. SORRY. YEAH, THAT WOULD BE A LITTLE BIG.

7 "AND THE MATTING HAS APPROXIMATELY TWO INCHES
8 ON EACH SIDE. SEE ATTACHMENT FOR PICTURE. IF YOU WOULD LIKE
9 IT, PLEASE LET US KNOW AND WE WILL ARRANGE A TIME FOR YOU TO
10 PICK IT UP. OTHERWISE, IT WILL PROBABLY BE THROWN AWAY."

11 Q ALL RIGHT. AND SO WAS THIS A RENDERING OF THE
12 LIBBIT PROJECT?

13 A YES, IT WAS.

14 MR. RILEY: MOVE TO ADMIT EXHIBIT 522.

15 MR. CROCKETT: OBJECTION, HEARSAY.

16 THE COURT: OVERRULED.

17

18 (EXHIBIT 522 ADMITTED INTO EVIDENCE.)

19

20 Q BY MR. RILEY: OKAY. SO, FIRST, IN FEBRUARY
21 2006, THIS IS JUST THE E-MAIL TRANSFERRING YOU OR SENDING YOU
22 THIS RENDERING?

23 A YES, IT WAS AFTER WE BOUGHT LIBBIT ALREADY,
24 THOUGH.

25 Q OKAY. SO IF WE GO TO PAGE TWO IS THE ACTUAL
26 RENDERING?

27 A RIGHT.

28 Q LET ME SEE IF I CAN FIGURE OUT HOW TO ROTATE

1 THIS ON THIS PROGRAM.

2 A LEFT-HAND SIDE. THERE'S A LITTLE ARROW RIGHT
3 THERE.

4 Q OH, WELL. HERE WE GO -- OH, WELL. WE'LL HAVE
5 TO LOOK AT IT SIDEWAYS.

6 SO THIS WAS, I GUESS, A PACKAGE DEAL?

7 A YES, IT WAS. IT CAME WITH A TRACT MAP AND
8 RENDERINGS AND IT ACTUALLY CAME WITH AN ARCHITECT WHO WAS
9 WORKING ON THE PROJECT FOR -- I DON'T KNOW HOW LONG BUT AT
10 LEAST A YEAR -- URIU AND ASSOCIATES UP -- DOWN, RATHER, IN
11 SANTA MONICA, CITY OF SANTA MONICA I BELIEVE, IF I'M CORRECT.
12 BUT YEAH. THEY, HAVE THEIR STAMP "ARCHITECT URIU AND
13 ASSOCIATES.

14 Q NOW -- LET ME JUST PUT THE NON-COLORED ON HERE
15 BECAUSE -- SO, WHAT WAS ON THE PROPERTY AT THE TIME THAT YOU
16 BOUGHT IT?

17 A IT WAS A 22-UNIT APARTMENT COMPLEX, OLDER
18 APARTMENT COMPLEX; HAS, I GUESS, 80 PERCENT OCCUPIED, I WANT
19 TO SAY, AT THE TIME. SOMETHING LIKE THAT.

20 Q SO WHAT WORK DID YOU HAVE TO DO TO GET THIS
21 READY TO GO?

22 A WELL, FOR ONE WE HAD TO FINISH -- A, WE HAD TO
23 EVICT THE TENANTS WHICH, OF COURSE, TOOK TIME BECAUSE SOME OF
24 THEM CLAIMED -- WELL, NOT CLAIMED. I THINK TWO OF THEM WERE
25 DISABLED AND SO THEY REQUIRED EXTRA MONEY TO BE PAID TO THEM
26 IN ORDER FOR THEM TO MOVE. SOME OF THEM JUST FLAT OUT DIDN'T
27 WANT TO MOVE BECAUSE THEY'D BEEN THERE FOR YEARS. THEN, OF
28 COURSE, PLANS HAD TO BE FINISHED. THE FINAL APPROVAL. I

1 WOULD SAY IT WAS 75 PERCENT READY AND THE KEY STEPS WERE
2 TAKEN. BUT THERE WAS STILL SOME WORK TO BE DONE.

3 NEXT, WE WOULD HAVE TO PAY DEPARTMENT OF PARK
4 AND RECREATION FEES; OF COURSE, TAKE DOWN THE COMPLEX ONCE IT
5 WAS VACANT; PULL THE PERMIT; AND APPLY FOR HAUL ROUTE; JUST DO
6 EVERYTHING THAT NEEDED TO BE DONE EXCEPT ON A LARGER SCALE, I
7 GUESS YOU CAN SAY. ARRANGE WITH SOMEBODY TO -- IT WOULD HAVE
8 UNDERGROUND GARAGE, SO WE WOULD HAVE TO ARRANGE WITH SOMEONE
9 TO -- ACTUALLY SUBCONTRACT SOMEBODY TO DIG OUT A DEEP HOLE IN
10 THE GROUND TO PUT GARAGE IN.

11 Q LET ME TAKE YOU NOW TO JANUARY 2008.

12 A RIGHT.

13 Q WHAT HAPPENED -- WHAT WAS THE STATUS OF THE
14 PROPERTY AS OF THAT TIME APPROXIMATELY?

15 A THE PERMIT WAS JUST ABOUT READY TO BE PULLED AT
16 THE TIME. THE PARK FEE HAVE BEEN PAID. THE PROPERTY ACTUALLY
17 WAS ALREADY TAKEN DOWN. IT WAS DEMOLISHED AND -- OH, YEAH,
18 AND, OF COURSE, I FORGOT TO SAY, WE OBTAINED LOAN FOR
19 10,317,000 FROM CATHAY BANK IN WHICH SARA, CLARE, NANCY AND
20 YURI ALL SIGNED AS GUARANTORS.

21 SO WE WERE READY TO GO. THE LOAN WAS READY TO
22 BE FUNDED. PERMIT WAS READY TO BE PULLED. AS SOON AS THE
23 PERMIT WAS TO BE PULLED, WE COULD HAVE STARTED DRAWING ON THE
24 LOAN AND BUILDING PROPERTY AS PLANNED. AND JANUARY OF '08, WE
25 WERE INTERVIEWING, ACTUALLY, PEOPLE -- WE FOUND SUITABLE
26 SUBCONTRACTOR THROUGH AVALON BAY TO DIG OUT, EXCAVATE FOR THE
27 FOUNDATION AND THE UNDERGROUND GARAGE. SO THIS WAY WE GOT A
28 GOOD PRICE OF SOME \$400,000 FOR EXCAVATION, AND IT WAS READY

1 TO GO. BASICALLY JUST NEEDED TO GET A FINAL PERMIT TO PULL.

2 Q AND APPROXIMATELY, AS OF JANUARY 2008, HOW MUCH
3 MONEY HAD BEEN EXPENDED ON THIS PROJECT?

4 A YOU MEAN, BESIDES PURCHASE PRICE OF 6.6
5 MILLION?

6 Q CORRECT.

7 A I BELIEVE SOMEWHERE AROUND 400,000, TO THE TUNE
8 OF 400,000 WAS EXPENDED ON. 120,000 WENT TO PAY FOR PARK AND
9 RECREATION FEES. ROUGHLY 70,000, I BELIEVE, WAS FOR
10 DEMOLITION. THERE WAS \$125,000 PAID OUT OF LOAN PROCEEDS TO
11 THE BROKER WHO ARRANGED FOR THE LOAN, GEORGE AND HIS PARTNER.

12 SO THERE WAS SUBSTANTIAL EXPENSES INCURRED. OF
13 COURSE, SOME ENGINEERING FEES. SOME -- I WANT TO SAY SOME --
14 OF COURSE, RELOCATION FEE, YES. SOME TENANTS GOT \$15,000.
15 LIKE TWO TENANTS GOT \$15,000.

16 Q THAT'S OKAY. I DON'T NEED TO GO INTO EACH OF
17 THOSE.

18 A OKAY.

19 Q SO ROUGHLY 400,000?

20 A IN ADDITION TO 6.6 MILLION, YES.

21 Q OKAY. AND DID A -- DID THE PERMIT GET ISSUED?

22 A NO, IT DIDN'T. IT DIDN'T GET ISSUED BECAUSE
23 NOBODY PULLED IT. THE LAST DAY TO PULL IT WAS 25TH OF MARCH
24 OF 2008. THAT'S -- IT WAS SUPPOSED TO BE PULLED IN JANUARY
25 RATHER, BUT MR. PARLATO, I THINK, ARRANGED IT TO BE -- TO BE
26 DELAYED SOMEHOW -- NOT DELAYED BUT TO BE PUT ON HOLD. BUT THE
27 LAST DAY WAS 25TH OF MARCH, AS I RECALL, OF '08.

28 Q OKAY. SO AS OF JANUARY 2008, THERE WAS A \$10

1 MILLION LOAN IN PLACE TO FINANCE THE COMPLETE CONSTRUCTION OF
2 THIS PROPERTY; IS THAT RIGHT?

3 A YES. 10 MILLION, 300-ODD-THOUSAND DOLLARS,
4 YES.

5 Q AND THE TRACT MAP HAD ALREADY BEEN APPROVED; IT
6 WAS JUST A MATTER OF --

7 MR. CROCKETT: OBJECTION, LEADING, YOUR HONOR.

8 THE COURT: ALL RIGHT.

9 Q BY MR. RILEY: HAD THE TRACT MAP BEEN APPROVED
10 OF AT THANK POINT?

11 A YES.

12 Q SO WHAT NEEDED TO BE DONE TO COMPLETE
13 CONSTRUCTION ON THIS PROJECT?

14 A PULL PERMIT ON THE PROPERTY AND START -- WE
15 WERE READY, REALLY. WE ALREADY ARRANGED FOR SOMEBODY TO START
16 EXCAVATING. THE DEMOLITION PERMIT GOT ISSUED. ENVIRONMENTAL
17 WAS DONE TO REMOVE ASBESTOS. EVERYTHING WAS READY TO GO. I
18 MEAN, IT WAS A DONE DEAL AS FAR AS WE WERE CONCERNED.
19 APPRAISALS WERE DONE BY CATHAY BANK. IT WAS JUST GOOD TO GO.

20 WE WERE READY TO START DRAWING AS SOON AS THE
21 PERMIT -- WE WERE TO PAY FOR PERMIT BEFORE WE CAN START BANK
22 DRAWS.

23 Q NOW, WHAT HAPPENED BY MR. PARLATO'S OR
24 MS. BRONFMANS' FAILURE TO PULL THAT PERMIT?

25 MR. CROCKETT: OBJECTION, NO FOUNDATION, IRRELEVANT.

26 THE COURT: SUSTAINED.

27 Q BY MR. RILEY: DO YOU HAVE ANY IDEA WHAT
28 HAPPENED TO THE TRACT MAP THAT YOU WERE WORKING WITH BY NOT

1 PULLING THE PERMIT?

2 MR. CROCKETT: NO FOUNDATION.

3 THE COURT: WELL, TO HER KNOWLEDGE. OVERRULED.

4 THE WITNESS: IT EXPIRED IN MARCH 2008.

5 Q BY MR. RILEY: AND SO WITH THE TRACT MAP
6 EXPIRING, ALL THOSE MONIES THAT WERE SPENT IN ENTITLEMENTS,
7 SUCH AS THE PARK AND RECREATION FEES AND ALL THE OTHER AMOUNTS
8 SPENT WERE ESSENTIALLY JUST WASTED?

9 A YES. PLUS IT HAD TO BE REENGINEERED, TOO,
10 BECAUSE THE RULES HAD CHANGED. ENGINEERING RULES CHANGED AS
11 WELL. I DON'T KNOW WHEN. I THINK SOMETIME END OF '07.
12 BASICALLY THE WHOLE PROJECT WOULD HAVE TO BE REENGINEERED.
13 TRACT MAP HAD TO BE REAPPLIED FOR. IT WOULD TAKE ANOTHER
14 YEAR, TWO YEARS AND ANOTHER MILLION BUCKS TO DO THIS WORK OVER
15 BASICALLY. THAT'S WHAT HAPPENED TO MY KNOWLEDGE.

16 Q DO YOU KNOW IF ANYONE ON YOUR BEHALF MADE THEM
17 AWARE THAT THEY HAD TO ACT?

18 A YES. OUR ATTORNEY MR. PILLEMER SENT SEVERAL
19 E-MAILS TO MR. CROCKETT AND TO MR. PARLATO BEFORE THAT TO TELL
20 THEM THAT TRACT MAP IS GOING TO EXPIRE AND THEY HAVE TO PULL
21 PERMIT BY CERTAIN DATE; OTHERWISE, IT WOULD BE WASTE -- WASTE
22 OF MONEY.

23 Q OKAY. NOW, WHEN WAS YOUR NEXT VISIT TO NEW
24 YORK?

25 A I THINK WE VISITED NEXT IN 2005 AT SOME POINT,
26 MAYBE OCTOBER OR NOVEMBER OF 2005.

27 Q AND THEN AFTER OCTOBER, NOVEMBER 2005, WHEN WAS
28 THE NEXT TIME AFTER THAT?

1 A I BELIEVE, AGAIN, IT WAS SUMMER OF '06 AND THEN
2 AGAIN FALL OF '06, AND THEN, I THINK, SUMMER OF '07 TWICE. SO
3 THOSE WERE THE VISITS AS I REMEMBER.

4 Q DURING ANY OF THOSE VISITS OR ANY OF YOUR
5 CONTACTS WITH MR. RANIERE OR WHATEVER CONTACT YOU HAD WITH THE
6 BRONFMANS, DID ANYONE EVER COMPLAIN OR SAY ANYTHING THAT
7 INDICATED THERE WAS ANY PROBLEM?

8 A QUITE THE OPPOSITE. THEY WERE ALL CHEERING US
9 ON.

10 Q AND WHAT WAS -- WHAT WERE YOUR VISITS LIKE BACK
11 TO NEW YORK SAY IN '05 AND '06?

12 A WE TOOK FIVE-DAY INTENSIVE COURSES WITH NXIVM.

13 Q WHERE WAS THAT?

14 A IN ALBANY ON NEW CORNER ROAD.

15 Q AND WHERE WERE THESE COURSES ACTUALLY TAKEN
16 PHYSICALLY?

17 A MY UNDERSTANDING THAT NXIVM HAD ACQUIRED THE
18 BUILDING, SO IT -- IT WAS A BIG SIZE, ONE-STORY INDUSTRIAL --
19 NOT INDUSTRIAL BUT LIKE AN OFFICE PARK, TYPE OF OFFICES, ONE
20 -- JUST ONE KIND OF BIG BUILDING WITH DIFFERENT CLASSROOMS AND
21 A YOGA ROOM, AND THE LITTLE CAFE, AND A CORRIDOR. SO JUST
22 KIND OF THE WHOLE BUILDING WAS OCCUPIED BY NXIVM.

23 Q SO WHAT WAS THIS FIVE-DAY INTENSIVE? WHAT WAS
24 THAT ALL ABOUT?

25 A IT WAS A CLASS LIKE STARTING AT 7:30 IN THE
26 MORNING GOING TILL 9:30 IN THE EVENING WHERE YOU HAD TO RECITE
27 A MISSION STATEMENT, BOW, THEY HAD SPECIAL HANDSHAKE. IT WAS
28 DIFFERENT. AND THE FIRST TIME WE CAME OUT THERE, IT WAS QUITE

1 DIFFERENT. EVERYBODY -- THERE WERE COACHES. THERE WERE VERY
2 DISTINCT PECKING ORDER, SO TO SPEAK. EVERYBODY KIND OF KNEW
3 WHERE EVERYBODY ELSE STOOD, AND IT WAS A SPECIAL HANDSHAKE.
4 IT WAS BOWING. IT WAS -- OF COURSE WE WERE TREATED VERY WELL
5 BECAUSE YURI WAS FRIENDS WITH MR. RANIERE, AND IT WAS SPECIAL
6 QUESTION AND ANSWER HELD FOR YURI AND WHERE KEITH SAID HOW
7 HE'S --

8 MR. CROCKETT: OBJECTION. THIS IS A LONG NARRATIVE
9 AND IRRELEVANT. MOVE TO STRIKE.

10 Q BY MR. RILEY: DID YOU --

11 THE COURT: WELL, THE QUESTION HAS BEEN ANSWERED.

12 Q BY MR. RILEY: DID YOU HAVE TO PAY FOR THIS
13 INTENSIVE?

14 A WE DID.

15 MR. CROCKETT: OBJECTION, IRRELEVANT.

16 THE COURT: OVERRULED. THE ANSWER WILL STAND.

17 THE WITNESS: WE DID.

18 Q BY MR. RILEY: AND WHO WAS IN CHARGE, TO YOUR
19 UNDERSTANDING, WHAT YOU SAW?

20 A MR. RANIERE WAS IN CHARGE, ALTHOUGH HE DIDN'T
21 APPEAR MUCH THERE, BUT HE WAS PAID, WHAT'S CALLED, TRIBUTE TO
22 A LOT SUCH AS -- I MEAN, HE WAS A CREATOR OF A PROGRAM. HE
23 WAS TREATED IN A GOD-LIKE MANNER.

24 MR. CROCKETT: OBJECTION.

25 Q BY MR. RILEY: WHO --

26 MR. CROCKETT: OBJECTION. THAT'S CALLING FOR
27 SPECULATION AND ARGUMENTATIVE AND MOVE TO STRIKE. IRRELEVANT.

28 THE COURT: WELL, WHY DON'T YOU APPROACH BRIEFLY. BUT

1 OVERRULED. LET ME TALK TO COUNSEL.

2

3 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
4 HELD AT SIDEBAR:)

5

6 THE COURT: I THINK SOME OF IT'S RELEVANT BUT DON'T
7 BELABOR THE POINT.

8 MR. RILEY: I'M TRYING TO CUT IT.

9 THE COURT: YEAH. QUICKLY.

10 MR. CROCKETT: YOUR HONOR, MAY I BE HEARD.

11 THE COURT: I OVERRULED THE OBJECTION. WHAT DID YOU
12 WANT?

13 MR. CROCKETT: THIS IS JUST ANOTHER ATTEMPT TO SMEAR
14 THE BRONFMANS BY REASON OF THEIR AFFILIATION WITH NXIVM. IT'S
15 LIKE THE HEALTH CLUB OR SOME OTHER CLUB WHERE YOU HAVE
16 HANDSHAKES.

17 THE COURT: WELL, I DON'T KNOW. I DON'T REALLY CARE
18 ABOUT NXIVM, QUITE FRANKLY, BUT IT IS RELEVANT BECAUSE IT DOES
19 COME INTO PLAY ABOUT THE WHOLE SCENARIO HOW THIS THING STARTED
20 AND HOW THEIR RELATIONSHIP WAS WITH MR. RANIERE, ET CETERA.

21 MR. CROCKETT: ALL RIGHT.

22 THE COURT: SO BRIEFLY.

23

24 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
25 HELD IN OPEN COURT IN THE PRESENCE OF THE
26 JURY:)

27

28 Q BY MR. RILEY: IN THIS -- HOW MANY FIVE-DAY

1 INTENSIVES DID YOU AND MR. PLYAM TAKE?

2 A WELL, WE TOOK TWO FIVE-DAY INTENSIVE AND ONE
3 THREE-DAY INTENSIVE. IT USED TO BE THREE DAYS THEN IT
4 INCREASED. SO BASICALLY, IT WAS A 16-DAY INTENSIVE, BUT A LOT
5 OF PEOPLE BROKE IT DOWN TO LIKE ONE, TWO, THREE, FOUR SET, IN
6 THAT MANNER.

7 Q WAS IT PRETTY EXPENSIVE?

8 A YEAH, IT WAS EXPENSIVE ACTUALLY. I WOULD SAY
9 3500 A PERSON FOR FIVE DAYS.

10 Q AND DID -- WHO TAUGHT YOUR CLASSES?

11 A MS. SALZMAN TAUGHT. LAUREN SALZMAN, HER
12 DAUGHTER. I THINK KAREN UNTERREINER. PAMELA GARFITZ. I
13 THINK SARA WAS TEACHING. MR. DEL NEGRO WAS TEACHING A COURSE.
14 SEVERAL OTHER MEMBERS OF THE ORGANIZATION WAS TEACHING. AS I
15 SIT HERE, I DON'T RECALL WHO THEY WERE, BUT THERE WERE SEVERAL
16 OTHER PEOPLE TEACHING. THERE WAS ALWAYS SOME -- A LOT OF
17 PEOPLE.

18 Q AND WHAT WAS THE MISSION STATEMENT?

19 MR. CROCKETT: OBJECTION, IRRELEVANT.

20 THE COURT: OVERRULED.

21 THE WITNESS: THE MISSION STATEMENT AS I RECALL WAS
22 THAT THE WORLD IS FULL OF UNETHICAL PEOPLE, AND THE POWER AND
23 MONEY BELONGS TO A LOT OF PEOPLE WHO ARE NOT ETHICAL AND WE
24 NEED TO SHIFT THIS POWER AND MONIES TO PEOPLE WHO ARE ETHICAL,
25 LIKE US, AND WE SWEAR THAT WE'RE NOT GOING TO SHARE THIS SUPER
26 SECRET INFORMATION BUT WE ARE GOING TO RECRUIT BUNCH OF PEOPLE
27 INTO NXIVM SO WE CAN UPHOLD THIS MISSION. AND THEN YOU BOW
28 DOWN AND -- AND SOMETHING TO THAT EFFECT.

1 IT -- I THINK IT HELD 12 POINTS. MISSION
2 STATEMENT HELD 12 POINTS, AND AS I SIT HERE TODAY, I DON'T
3 RECALL THEM BUT -- ALL OF THEM, BUT THE GIST OF IT WAS YOU ARE
4 TO RECRUIT MORE PEOPLE INTO THE MISSION AND TO CHANGE THE
5 WORLD AND TO SHIFT THE MONEY AND POWER TO PEOPLE WHO ARE
6 ETHICAL AND TO UPHOLD PRINCIPLES THAT VANGUARD CREATED AND --

7 MR. CROCKETT: OBJECTION, YOUR HONOR, MOVE TO STRIKE,
8 IRRELEVANT.

9 THE COURT: OVERRULED.

10 Q BY MR. RILEY: NOW, DURING THESE TIMES THAT YOU
11 WERE IN NEW YORK, WOULD YOU PERSONALLY EVER TALK TO MR.
12 RANIERE ABOUT THE REAL ESTATE TRANSACTIONS?

13 A ONLY TO THE EXTENT THAT YURI WOULD TALK TO HIM.
14 I WOULD JUST KIND OF CHIME IN, BUT MOSTLY IT WAS YURI AND
15 KEITH TALKING, NOT ME. I WAS JUST SITTING THERE.

16 Q HOW MANY TIMES ON THESE VISITS TO NEW YORK DID
17 YOU ACTUALLY TALK TO THE BRONFMAN SISTERS ABOUT THIS REAL
18 ESTATE VENTURE THAT WAS GOING ON IN LOS ANGELES?

19 A I THINK ONCE IN DECEMBER OF -- WELL, NO.
20 BESIDES FIRST TIME WE WENT THERE IN 2005, I THINK NEXT TIME WE
21 SPOKE ABOUT THE PROJECT WAS DECEMBER OF 2007 WHEN WE CAME FOR
22 ACAPPELLA INNOVATION AND TO SPEAK ABOUT POSSIBLY GETTING A
23 BRIDGE LOAN.

24 Q TAKE A LOOK AT WHAT'S BEEN PREVIOUSLY MARKED AS
25 EXHIBIT 532.

26 A OKAY.

27 Q DO YOU RECOGNIZE THAT AS E-MAIL COMMUNICATION
28 REGARDING THE REAL ESTATE PROJECT?

1 A YES, I DO.

2 MR. RILEY: OKAY. MOVE TO ADMIT EXHIBIT 532.

3 THE COURT: ANY OBJECTION?

4 MR. CROCKETT: NO OBJECTION.

5 THE COURT: ALL RIGHT.

6

7 (EXHIBIT 532 WAS ADMITTED INTO EVIDENCE.)

8

9 Q BY MR. RILEY: OKAY. THE BOTTOM E-MAIL IS FROM
10 YOU; CORRECT?

11 A YES.

12 Q AND IT'S TO BECKY FREEMAN AND BARBARA BOUCHEY.
13 DO THEY WORK AT THE SAME OFFICES?

14 A YES.

15 Q AND I THINK THIS IS A LITTLE DIFFERENT THAN
16 YOUR LAST REQUEST AND SO I'M JUST TRYING TO FIGURE OUT --

17 A IT IS DIFFERENT.

18 Q OKAY. THE LAST EXHIBIT I HAVE WAS ON FEBRUARY
19 4TH, AND THIS ONE IS DATED APRIL 27TH. OKAY.

20 A RIGHT.

21 Q SO YOU WRITE, "I NEED TO GET A WIRE FOR
22 PRECISION'S EXPENSES FOR 250,000. ABOUT 65,000 IS FOR CONDO
23 PROJECT FOR TENANTS' RELOCATION."

24 A YES.

25 Q AND SO TO YOUR KNOWLEDGE, DID MONEY COME IN AT
26 SOME POINT IN TIME AFTER THIS REQUEST?

27 A YES.

28 Q ALL RIGHT. LET'S SEE WHAT THE RESPONSE IS, AND

1 THE RESPONSE IS SIGNED BY A PERSON WITH THE NAME OF DAZZLE.
2 D-A-Z-Z-L-E. WHO IS THAT?

3 A THAT'S ANOTHER PERSON WHO WORKS -- WELL, WORKED
4 FOR BARBARA BOUCHEY. DAZZLE EKBAD (PHONETIC SPELLING),
5 SOMETHING LIKE THAT. EKIBAD (PHONETIC SPELLING), SOMETHING
6 LIKE THAT.

7 Q AND SO THE -- OKAY. IT READS, "MY PLAN
8 REGARDING YOUR REQUEST BELOW, NATASHA, IS TO SEND TWO WIRES
9 FOR 125,000 EACH IN THE MIDDLE OF NEXT WEEK. ONE FROM SARA
10 AND ONE FROM CLARE DIRECT FROM THEIR ACCOUNTS AT SEI TO
11 PRECISION DEVELOPMENT. HOW DOES THIS SOUND?"

12 WERE YOU INVOLVED AT ALL IN THE ACCOUNTING ON
13 WHOSE MONEY AND WHERE IT CAME FROM?

14 A I WAS NOT.

15 Q OTHER THAN GETTING THESE E-MAILS?

16 A NO.

17 Q AND THEN, AGAIN, YOUR RESPONSE? IS THAT YOUR
18 RESPONSE THERE, "GREAT"?

19 A YES.

20 Q AND THEN ANOTHER E-MAIL IN THE SAME CHAIN:

21 "THESE TWO WIRES FROM BRONFMANS WENT OUT TODAY
22 FROM SEI TO YOU."

23 A YES.

24 Q NOW, THIS E-MAIL IS IN MAY OF 2006. NOW, AT
25 THIS TIME, MAY 2006 -- ACTUALLY, LET ME STRIKE THAT.

26 WHEN YOUR OFFICE IS PLACING TRADES FOR FIRST
27 PRINCIPLES, DID YOU KNOW AT THAT TIME WHOSE MONEY FIRST
28 PRINCIPLES WOULD TRADE?

1 A I DON'T KNOW EXACTLY THE DATE WE FOUND OUT.
2 MAYBE AT THAT TIME, MAYBE LATER. I DON'T REMEMBER, FRANKLY
3 SPEAKING. I DIDN'T REALLY DEAL WITH TRADING.

4 Q OKAY. ALL RIGHT.

5 ALL RIGHT. TAKE A LOOK AT WHAT'S BEEN MARKED
6 AS EXHIBIT 533.

7 A I SEE.

8 Q IS THAT ANOTHER COMMUNICATION REGARDING FUNDS
9 FOR THE DEVELOPMENT?

10 A YES.

11 MR. RILEY: MOVE TO ADMIT EXHIBIT 533.

12 THE COURT: ANY OBJECTION?

13 MR. CROCKETT: 533?

14 MR. RILEY: CORRECT.

15 THE COURT: YES.

16 MR. CROCKETT: ALL RIGHT. NO OBJECTION.

17 THE COURT: ALL RIGHT.

18

19 (EXHIBIT 533 ADMITTED INTO EVIDENCE.)

20

21 Q BY MR. RILEY: OKAY. THIS IS DATED MAY 8,
22 2006:

23 "DEAR DAZ, ON JUNE 1ST, WE HAVE TWO NOTES
24 COMING DUE FOR TWO PROPERTIES FOR THE AMOUNT OF A MILLION --
25 SAY 1.1 MILLION. ALSO THERE'S SOME GENERAL EXPENSES FOR
26 APPROXIMATELY 150,000. WE WOULD NEED A WIRE FOR ABOUT \$1.3
27 MILLION."

28 DO YOU RECALL WHAT THOSE WERE THAT WERE COMING

1 DUE IN OR ABOUT MAY 2006 THAT YOU'RE REFERENCING THERE?

2 A YES. FIRST NOTE WAS FOR TWO NATOMAS PROPERTIES
3 FOR 703,000, AND THE REST WAS FOR WANDA PARK. IT HAD A
4 CARRY-BACK OF ABOUT 300-SOME-THOUSAND-DOLLARS.

5 Q SO THE OWNER THAT SOLD YOU THE WANDA PARK
6 PROPERTY THAT YOU CARRIED BACK SOME OF THE NOTE OR SOME --

7 A WANDA PARK AND NATOMA. FOUR PROPERTIES TOTAL.
8 NOTES WERE CARRIED BACK FOR ONE YEAR.

9 Q WHEN YOU SEND THESE NOTES INDICATING GENERAL
10 EXPENSES, ANY QUESTIONS FROM ANYONE REGARDING THOSE EXPENSES?

11 A NO. JUST HOW MUCH MORE MONEY WE'D NEED SO THEY
12 CAN PLAN ACCORDINGLY.

13 Q ALL RIGHT. PLEASE TURN TO WHAT'S BEEN MARKED
14 AS 536. IS THAT MORE COMMUNICATIONS REGARDING FUNDS?

15 A YES.

16 MR. RILEY: MOVE TO ADMIT EXHIBIT 536.

17 MR. CROCKETT: NO OBJECTION.

18 THE COURT: ALL RIGHT.

19

20 (EXHIBIT 536 ADMITTED INTO EVIDENCE.)

21

22 Q BY MR. RILEY: NOW WE'RE INTO JUNE 2006, AND IT
23 READS:

24 "DEAR BARBARA AND BECKY, WE WOULD NEED ANOTHER
25 WIRE OF 300,000 FOR EXPENSES. WE WILL BE GETTING PERMITS SOON
26 AND THE FEE FOR EACH PERMIT IS ABOUT 30,000. THANKS A LOT."

27 WOULD THEY NORMALLY SEND THE EXPENSES -- EXCUSE
28 ME -- THE MONEY IN RESPONSE TO THESE E-MAILS?

1 A YES.

2 Q OKAY. AND WHEN IT SAYS ANOTHER WIRE FOR
3 300,000 IN EXPENSES, WAS THERE EVER ANY QUESTION IN RESPONSE
4 TO EXPENSE REQUEST?

5 A NO.

6 Q AT ANY POINT IN TIME DURING THE THREE YEARS
7 THAT YOU WERE COMMUNICATING WITH THEM VIA E-MAIL, THEM
8 VISITING YOU OR YOU VISITING THEM, WAS THERE ANY COMMUNICATION
9 AT ALL OF ANY PROBLEMS WHATSOEVER, VIA VERBALLY, E-MAIL, OR
10 ANY OTHER WAY?

11 A NO.

12 Q ALL RIGHT. PLEASE TURN TO WHAT'S BEEN
13 PREVIOUSLY MARKED AS EXHIBIT 540.

14 IS EXHIBIT 540 FURTHER COMMUNICATIONS REGARDING
15 MONIES FOR THIS PROJECT?

16 A YES.

17 MR. RILEY: MOVE TO ADMIT EXHIBIT 540.

18 MR. CROCKETT: NO OBJECTION.

19 THE COURT: ALL RIGHT.

20

21 (EXHIBIT 540 ADMITTED INTO EVIDENCE.)

22

23 Q BY MR. RILEY: ALL RIGHT. I'M GOING TO START
24 WITH THE BOTTOM E-MAIL AND WE'RE UP TO SEPTEMBER 5TH OF 2006.
25 ON THIS E-MAIL, AND IT READS:

26 "DEAR LADIES, CAN WE PLEASE HAVE A WIRE FOR
27 300,000 FOR EXPENSES INCLUDING EQUIPMENT AND PERMIT FEES.
28 THANKS A LOT. NATASHA."

1 AND IS THE RESPONSE TO YOUR E-MAIL ABOVE THAT?

2 A YES, IT IS.

3 Q AND IT READS:

4 "IT WILL SHOW THE WIRE WENT OUT FRIDAY,
5 SEPTEMBER 8TH, SOONER THAN I HAD EXPECTED. IT WILL SHOW AS
6 GOING DIRECTLY FROM CITI BANK TO YOU AS 150,000 FROM SARA AND
7 A SECOND WIRE FOR 150,000 FROM CLARE. LET ME KNOW IF YOU HAVE
8 ANY QUESTIONS."

9 NOW, WHEN YOU WERE ASKING SPECIFICALLY IN THIS
10 E-MAIL FOR MONEY FOR EQUIPMENT, WAS THERE EVER ANY PROBLEMS?

11 A NO.

12 Q ALL RIGHT. LET'S TAKE YOU TO -- HAVE YOU TAKE
13 A LOOK AT EXHIBIT 547. IS THIS FURTHER COMMUNICATIONS
14 REGARDING THE MONIES ON THIS PROJECT?

15 A YES.

16 MR. RILEY: MOVE TO ADMIT EXHIBIT 547.

17 MR. CROCKETT: NO OBJECTION.

18 THE COURT: ALL RIGHT.

19

20 (EXHIBIT 547 ADMITTED INTO EVIDENCE.)

21

22 Q BY MR. RILEY: OKAY. THE BOTTOM E-MAIL. PULL
23 THAT ONE UP. WE'RE UP TO NOVEMBER 16, 2006, AND IT READS:

24 "DEAR DAZ, I JUST WANTED TO VERIFY THAT THE
25 SECOND WIRE FOR 200,000 IS GOING OUT THIS WEEK."

26 WERE MOST OF YOUR COMMUNICATIONS THAT SIMPLE?

27 A YES.

28 Q ALL RIGHT. AND THEN FROM -- IT SAYS, "MY PLAN

1 IS TO SEND THE WIRE OUT TOMORROW." IN FACT -- AND THEN
2 THERE'S AND E-MAIL OR THEN IT READS:

3 "WOULD YOU DO SOMETHING FOR ME? WE'RE
4 REVIEWING AND RECONCILING A NUMBER OF OUR ACCOUNTS. COULD YOU
5 GIVE ME A BREAKDOWN OF ALL THE MONEY THAT YOU'VE RECEIVED FOR
6 PRECISION DEVELOPMENT FROM SARA AND CLARE. I WANT TO COMPARE
7 IT WITH OUR RECORDS."

8 IS THAT PRETTY MUCH THE EXTENT OF THE
9 COMMUNICATIONS UP UNTIL 2007 WHERE YOU'RE REQUESTING MONEY,
10 THEY'RE SENDING IT, AND MAYBE THEY HAVE A QUESTION OF, WELL,
11 HOW MUCH DID WE ACTUALLY SEND YOU?

12 A YES.

13 Q PLEASE TURN TO WHAT'S BEEN PREVIOUSLY MARKED AS
14 EXHIBIT 548.

15 A OKAY.

16 Q IS THIS THE FURTHER COMMUNICATIONS BETWEEN YOU
17 AND BARBARA BOUCHEY'S OFFICE REGARDING MONIES FOR THIS
18 PROJECT?

19 A YES.

20 MR. RILEY: OKAY. MOVE TO ADMIT EXHIBIT 548.

21 MR. CROCKETT: NO OBJECTION.

22 THE COURT: ALL RIGHT.

23

24 (EXHIBIT 548 ADMITTED INTO EVIDENCE.)

25

26 Q BY MR. RILEY: THIS APPEARS TO BE A
27 CONTINUATION OF THE LAST E-MAIL. SO LET'S GO TO PAGE TWO AND
28 THE SECOND E-MAIL FROM THE TOP -- ACTUALLY, THE LAST TWO HERE.

1 A RIGHT.

2 Q AND SO YOU'RE WRITING THAT YOU'RE GOING TO GIVE
3 THEM THE NUMBERS FOR THEIR WIRES?

4 A YES.

5 Q AND THEY'RE WRITING BACK SAYING THAT THEY SENT
6 OUT \$200,000?

7 A YES.

8 Q OKAY. AND THEN RESPONDING TO THE ACCOUNTING
9 QUESTION, YOU INDICATE THAT YOU HAVE THE NUMBER AS OF
10 NOVEMBER -- AS OF THIS DATE AT 17,430,000?

11 A YES.

12 Q AND THEIR RESPONSE IS ORIGINALLY THAT IT
13 DOESN'T MATCH THEIR NUMBERS?

14 A YES.

15 Q AND DID THAT GET CLEARED UP IN THE NEXT E-MAIL?

16 A I BELIEVE SO.

17 Q OKAY. AND SO I'M TAKING THE E-MAIL AT 9:58
18 A.M. ON NOVEMBER 21ST THAT SAYS:

19 "OUR NUMBERS DO MATCH. IT'S JUST SOME RECENT
20 WIRES THAT WEREN'T ADDED ON."

21 A CORRECT.

22 Q LET'S GO TO 554. PLEASE TAKE A LOOK AT THAT.

23 A I SEE.

24 MR. RILEY: IS IT GETTING HOT IN HERE, YOUR HONOR, OR
25 AM I JUST COMING DOWN WITH SOMETHING?

26 THE COURT: NO. IT'S GETTING A LITTLE WARM. IT
27 HAPPENS.

28 Q BY MR. RILEY: ALL RIGHT. IS EXHIBIT 554

1 FURTHER COMMUNICATIONS REGARDING -- WELL, COMMUNICATIONS WITH
2 THE BRONFMANS?

3 A IT WAS SARA.

4 MR. RILEY: OKAY. MOVE TO ADMIT.

5 MR. CROCKETT: OBJECTION, HEARSAY. IT DOES NOT
6 INVOLVE THIS WITNESS, AND THE BACK PAGE IS DUPLICATIVE.

7 THE COURT: THE BACK PAGE IS --

8 MR. CROCKETT: A DUPLICATION OF ANOTHER EXHIBIT. BUT
9 THE FRONT PAGE IS NOT BETWEEN THIS WITNESS AND ANY PARTY HERE.
10 MR. YURI PLYAM MAKING --

11 MR. RILEY: THAT'S FINE, YOUR HONOR. I'LL BRING UP
12 THIS ONE WITH MR. PLYAM.

13 THE COURT: ALL RIGHT.

14 MR. RILEY: I'LL MAKE A NOTE.

15 Q ALL RIGHT. PLEASE TURN TO WHAT'S BEEN
16 PREVIOUSLY MARKED AS EXHIBIT 555.

17 A YES.

18 Q IS THIS FURTHER COMMUNICATIONS WITH YOU
19 REGARDING MONEY?

20 A YES.

21 MR. RILEY: MOVE TO ADMIT EXHIBIT 555.

22 MR. CROCKETT: NO OBJECTION.

23 THE COURT: ALL RIGHT.

24
25 (EXHIBIT 555 WAS ADMITTED INTO EVIDENCE.)

26
27 Q BY MR. RILEY: ALL RIGHT. BOTTOM E-MAIL, MAY
28 18TH, 2007:

1 "DEAR DAZZLE, COULD YOU GIVE ME A TIMEFRAME FOR
2 THE WIRE?"

3 NOW, ON THIS E-MAIL IS ALSO THE NAME AT THE TOP
4 HERE BRUCE HEINS, H-E-I-N-S. WHO IS THAT?

5 A MY STEPFATHER.

6 Q AND WHAT WAS YOUR STEPFATHER DOING TO HELP THIS
7 PROJECT IN OR ABOUT THIS TIMEFRAME?

8 A MY STEPFATHER WORKED FOR FLUOR DANIEL, WHICH IS
9 CONTRACTOR FOR EXXON. HE WAS A BUDGETER FOR THEIR OIL
10 PROJECTS. SO HE ORIGINALLY CAME OUT HERE TO HELP US TO PUT
11 BUDGETS TOGETHER AND TO PUT THINGS IN A MORE READABLE
12 SPREADSHEETS AND HELP ME OUT. A, HELP ME TO USE EXCEL
13 SPREADSHEETS BETTER, PUT GRAPHS TOGETHER, AND JUST BASICALLY
14 THAT WAS HIS JOB. HE WAS BUDGETER FOR OIL PROJECT FROM
15 BEGINNING TO END. HE WOULD SAY HOW MUCH MONEY IT WOULD TAKE
16 AND HOW LONG IT WOULD TAKE AND WHEN THE NEXT MONEY SHOULD
17 COME. SO THAT WAS SOMETHING HE DID FOR 30 YEARS. AND HE HAS
18 DEGREES IN, I THINK, CIVIL ENGINEERING, BUT HIS OCCUPATION HAS
19 BEEN BUDGETER FOR MANY, MANY, MANY YEARS BEFORE.

20 Q SO WAS HE HELPFUL?

21 A EXTREMELY HELPFUL. HE PUT TOGETHER GREAT
22 SPREADSHEETS. HE HELPED US WHEN WE WERE APPLYING FOR LIBBIT
23 LOAN. HE JUST HELPED US PUT TOGETHER COMPREHENSIVE
24 SPREADSHEETS WITH GRAPHS, JUST VERY SOPHISTICATED, MUCH MORE
25 SOPHISTICATED THAN I COULD EVER PREPARE. AND REALLY HELPED
26 STREAMLINE THE PROCESS OF THINGS AS FAR AS -- AS FAR AS
27 INTERNAL REPORTS GO AND THAT'S -- YURI WAS VERY OBSESSIVE
28 ABOUT REPORTS AND NUMBERS MATCHING UP AND EVERYTHING BEING ON

1 TRACK.

2 SO HE WAS REALLY HELPFUL AND HIS QUALIFICATIONS
3 WERE, OF COURSE, ABOVE WHAT WE WERE ABLE TO PAY HIM AND
4 ABOVE --

5 Q DID HE GET PAID BY PRECISION FOR THE WORK HE
6 WAS DOING?

7 A YES.

8 Q AND WHAT SORT OF PAY DID BRUCE HEINS RECEIVE
9 FOR HIS WORK?

10 A I'M GOING TO SAY 3500 A MONTH, IN THAT
11 BALLPARK.

12 Q IS THAT A SMALL SUM COMPARED TO WHAT HE WAS
13 MAKING BEFORE TO YOUR KNOWLEDGE?

14 A HE WAS MAKING 12,000 A MONTH BEFORE FOR THE
15 PERIOD OF 20 YEARS, PAST 20 YEARS AT LEAST.

16 Q OKAY. LET'S -- THE NEXT E-MAIL UP, IT SAYS:
17 "HELLO, NATASHA, I'M WAITING FOR SOME
18 INFORMATION FROM BECKY BEFORE I CAN GIVE YOU A SPECIFIC DAY
19 WHEN I CAN WIRE THE 400,000 TO YOU. AS USUAL, THOUGH, I'M
20 PRETTY SURE I CAN GET IT TO YOU WITHIN 10 DAYS."

21 AND DURING THESE LAG TIMES, IS THAT WHEN YOU
22 WOULD PUT YOUR OWN MONEY INTO THE PROJECT?

23 A YES.

24 Q ALL RIGHT. PLEASE TAKE A LOOK AT WHAT'S BEEN
25 PREVIOUSLY MARKED AS EXHIBIT 556.

26 A I SEE IT.

27 Q CAN YOU TELL ME WHAT EXHIBIT 556 IS?

28 A YES. IT'S AN APPRAISAL REPORT ORDERED BY

1 INDYMAC FOR 17707 ALONZO DRIVE IN ENCINO -- ALONZO PLACE,
2 RATHER, IN ENCINO.

3 Q SO DID YOU -- WHEN DID YOU FIRST APPLY -- START
4 APPLYING FOR A LOAN FOR ALONZO?

5 A SOME -- I WANT TO SAY SOMEWHERE AROUND JANUARY
6 2007. THAT WOULD BE MY BEST ESTIMATE.

7 Q AND DID YOU END UP GETTING A LOAN WITH INDYMAC
8 BASED UPON THIS APPRAISAL?

9 A YES.

10 MR. RILEY: MOVE TO ADMIT EXHIBIT 556.

11 MR. CROCKETT: OBJECTION, HEARSAY.

12 THE COURT: I TEND TO AGREE WITH MR. CROCKETT ON THIS
13 ONE.

14 MR. RILEY: LET ME ASK A FEW MORE QUESTIONS.

15 Q IN -- HOW MANY -- HOW MANY LOANS ALTOGETHER --
16 LET ME GET A PIECE OF PAPER.

17 ALL RIGHT. I JUST WANT TO IDENTIFY THE LOANS
18 SO WE HAVE A RECORD.

19 WHAT'S THE FIRST LOAN THAT YOU APPLIED FOR FOR
20 ANY OF THE PROPERTIES?

21 A ALONZO PLACE.

22 Q AND APPROXIMATELY WHEN DID YOU GET THE LOAN ON
23 ALONZO?

24 A MAY OR JUNE 2007.

25 Q WHAT WAS THE NEXT LOAN THAT YOU GOT RELATED TO
26 ANY OF THE PROPERTIES?

27 A 22560 UHEA IN UHEA ROAD IN WOODLAND HILLS.

28 Q AND WHEN WAS THAT LOAN OBTAINED?

1 A JULY 2007, I BELIEVE.

2 Q WHAT WAS THE NEXT LOAN OBTAINED?

3 A LIBBIT AVENUE.

4 Q AND APPROXIMATELY WHEN WAS THAT?

5 A SEPTEMBER 2007.

6 Q THAT WAS 10.3 ON THAT ONE?

7 A YES.

8 Q HOW MUCH WAS THE UHEA 22560 LOAN ROUGHLY?

9 A MAYBE 750,000.

10 Q AND HOW ABOUT ALONZO?

11 A I THINK 900,000.

12 Q ANY OTHER LOANS OBTAINED DURING THE COURSE OF
13 THE PROJECT?

14 A YES. IN OCTOBER OF 2007, THERE WAS A LOAN
15 OBTAINED FOR 9810 WANDA PARK IN LOS ANGELES.

16 Q AND I'M SORRY. WHEN WAS THAT?

17 A OCTOBER OF 2007.

18 Q HOW MUCH WAS THAT LOAN FOR?

19 A THE BEST I RECALL WAS 650,000.

20 Q ANY OTHER LOANS?

21 A YES. WE HAD A LOAN APPROVED BUT NEVER SIGNED
22 FOR IN JANUARY OF 2008 FOR SIX PROPERTIES FOR 5.350 -- 5
23 MILLION -- I'M SORRY -- \$5,350,000 TO BE EXACT. IT WAS
24 APPROVED IN DECEMBER OF '07, BUT IT DIDN'T GET FINAL FUNDING
25 UNTIL JANUARY OF 2008 BECAUSE SOME OF THE PAPERWORK FROM SARA
26 AND CLARE WAS MISSING, AND WE WERE JUST WAITING FOR IT TO FUND
27 THE LOAN.

28 Q WHAT WAS -- WHAT PROPERTIES WAS THAT LOAN

1 SUPPOSED TO BE COVERING?

2 A 9812 WANDA PARK, 3920 KNOBHILL DRIVE.

3 Q 3920?

4 A YES. 8517 FRANKLIN AVENUE. 1700 VIEWMONT
5 DRIVE. I BELIEVE 2526 BENEDICT.

6 Q BENEDICT CANYON?

7 A BENEDICT CANYON, YES. AND IT'S ON THE TIP OF
8 MY TONGUE. I CAN'T REMEMBER. THERE WAS ONE MORE, BUT I JUST
9 CAN'T QUITE REMEMBER WHICH ONE.

10 Q LAURELMONT?

11 A NO. NO. NO. I DON'T THINK SO.

12 Q VIEWMONT?

13 A NO. VIEWMONT IS IN THERE ALREADY. IT WAS FOR
14 SIX PROPERTIES. 900,000 FOR EACH PROPERTY. GEEZ.

15 Q THAT'S OKAY.

16 A THE NAME ESCAPES ME RIGHT NOW. I'M SURE AS I
17 LEAVE THE COURTHOUSE I'LL REMEMBER.

18 Q OKAY. WE'LL GET BACK TO IT.

19 A I'M SORRY.

20 Q SO THE FIRST LOAN IS ALONZO, WHICH IS THIS
21 APPRAISAL THAT WE'RE LOOKING AT IN EXHIBIT 556?

22 A YES. THAT IS THE FIRST ONE WE APPLIED FOR. IT
23 WAS THE PROPERTY MOST FURTHER ALONG IN THE COURSE OF THE
24 PROJECT.

25 Q OKAY. SO I THINK THE GAME PLAN WAS ONCE THE
26 FOUNDATIONS WERE DONE TO APPLY FOR A LOAN SO THAT YOU COULD
27 GET THE MONIES TO ACTUALLY BUILD THE STRUCTURE?

28 A CORRECT. THAT WAS THE GAME PLAN.

1 Q AND THE LOAN ON ALONZO, WHO SIGNED ON THAT
2 LOAN?

3 A ME AND YURI.

4 Q AND WAS THERE EVER INDICATION THAT WHENEVER
5 POSSIBLE TO KEEP THE BRONFMANS' NAMES OUT OF DOCUMENTS?

6 A THAT'S WHAT WE WERE EXPLICITLY TOLD.

7 Q AND WHO EXPLICITLY TOLD YOU TO KEEP THE
8 BRONFMANS' NAME OUT OF DOCUMENTS?

9 A THEY DID. SARA AND CLARE.

10 Q AND DID THIS LOAN GET FUNDED ON ALONZO?

11 A YES.

12 Q AND WAS THIS APPRAISAL MADE PART OF THE RECORDS
13 OF THE COMPANY?

14 A YES, IT WAS.

15 Q AND DID IT ESTABLISH A VALUE OF THIS PROPERTY
16 AT THE TIME THE LOAN WAS OBTAINED?

17 A YES, IT DID.

18 Q AND WAS THIS KEPT IN THE NORMAL COURSE OF
19 THIS -- OF DEALING WITH THIS SPECIFIC PROPERTY?

20 A YES, IT WAS. IT WAS PUT IN A BINDER FOR THE
21 PROPERTY AS PART OF PROPERTY RECORD AND PROPERTY BINDERS THAT
22 WE HAD REVIEWED EARLIER TODAY.

23 Q DO YOU RECALL APPROXIMATELY WHAT IT APPRAISED
24 OUT AT?

25 MR. CROCKETT: OBJECTION, HEARSAY.

26 THE COURT: OVERRULED.

27 THE WITNESS: YES, I DO. FROM 2.5- TO \$2.9 MILLION.
28 THAT WAS THE RANGE OF APPRAISAL.

1 MR. RILEY: NOW, MOVE TO ADMIT EXHIBIT 556.

2 MR. CROCKETT: OBJECTION, HEARSAY.

3 THE COURT: OVERRULED.

4 MR. CROCKETT: THE APPRAISAL IS COMING IN, YOUR HONOR?

5 THE COURT: I'LL ALLOW IT IN AS A BUSINESS RECORD.

6

7 (EXHIBIT 556 WAS ADMITTED INTO EVIDENCE.)

8

9 Q BY MR. RILEY: ALL RIGHT. WHAT I WANT TO SHOW
10 YOU ON THIS APPRAISAL ARE SOME OF THE PHOTOGRAPHS THAT APPEAR
11 TO BE IN THE APPRAISAL. AND SO, PLEASE, TURN TO PAGE -- AND
12 THEY'RE NOT THAT GOOD BUT, PLEASE, TURN TO PAGE 33 OF EXHIBIT
13 556.

14 A 556. I'M SORRY. ONE SECOND.

15 WHAT PAGE?

16 Q 33.

17 A I SEE. RIGHT. RIGHT. I SEE.

18 Q HOLD ON ONE SECOND. LET ME GET YOU THERE.

19 BEFORE I DO THAT, BEFORE I FORGET, YOUR HONOR,
20 I WANT TO MARK MY NOTES HERE, THE IDENTIFICATION OF LOANS, AND
21 I WILL PUT THAT DOWN AS EXHIBIT 814.

22 THE COURT: ALL RIGHT.

23

24 (EXHIBIT 814 WAS MARKED FOR IDENTIFICATION.)

25

26 Q CAN YOU BRIEFLY TELL ME WHAT THESE PHOTOS
27 DEPICT HERE?

28 A YES. ALONZO PLACE, THE FOUNDATION AND WHAT

1 LOOKS TO BE SOME STICKS AND METAL, WHAT'S CALLED T FRAME TO
2 BASICALLY START FRAMING IT. SO IT'S JUST PROPERTY AS IT WAS
3 ON THAT DATE TO BE FRAMED WITH A VIEW. OF COURSE, DOESN'T
4 SHOW THE VIEW BUT THE VIEW IS WONDERFUL.

5 AND THE STREET ITSELF, IT WAS -- I MEAN, IT IS
6 ON A CUL-DE-SAC WITH, I THINK, THREE OR FOUR HOMES IN THAT
7 CUL-DE-SAC, ALL NEWER HOMES, VERY NICE STYLE HOMES,
8 MEDITERRANEAN, AS I RECALL, JUST LIKE OURS WAS SUPPOSED TO BE.

9 Q WHO ORIGINALLY FOUND THIS PROPERTY?

10 A YURI. JUST LIKE HE FOUND ALL THE PROPERTIES.

11 Q OKAY. JUST ONE OTHER DOCUMENT I WANT TO SHOW
12 YOU IN HERE. AND, ACTUALLY, THESE DRAWINGS AREN'T THAT GOOD
13 IN HERE.

14 SO WERE THESE PICTURES TAKEN ROUGHLY, TO YOUR
15 KNOWLEDGE, IN OR ABOUT MAY OF 2007?

16 A THEY HAD TO BE. YES.

17 Q OKAY. AND AS OF JANUARY 2008, WHAT DID THE
18 STRUCTURE LOOK LIKE?

19 A WELL, THE HOUSE WAS ROUGHED IN. THE PLUMBING
20 WAS PUT IN. IT WAS BEING READY. WE BOUGHT SOME HARD --
21 HARDWARE FOR LIKE A BATH, TOILETS, JUST BASIC THINGS TO START
22 PUTTING FINISHES IN THE HOUSE. SO IT WAS -- THE ROOF WAS
23 DONE. THE HOUSE WAS WRAPPED IN BLACK CONSTRUCTION PAPER, AS I
24 DON'T REMEMBER WHAT IT'S CALLED. BUT IT WAS HOT MOPPED. THE
25 ROOF WAS HOT MOPPED WITH WHATEVER THE MATERIAL WAS USED FOR
26 THE ROOF. I THINK -- I DON'T KNOW -- STONES TO THE BEST OF MY
27 RECOLLECTION.

28 Q NOW, AS OF JANUARY 2008, DID YOU HAVE A

1 PROJECTION AS TO HOW MUCH LONGER IT WAS BEFORE THIS HOUSE WAS
2 READY FOR SALE?

3 A TWO MONTHS ON THE SLOW PACE. TWO MONTHS IF WE
4 WERE TO GO KIND OF SLOW.

5 Q NOW, WHAT HAPPENED TO THIS PROPERTY ON ALONZO
6 AFTER MR. PARLATO CAME OUT?

7 A IT GOT FORECLOSED BY INDYMAC ROUGHLY IN
8 SEPTEMBER 2009. SO NOTHING REALLY HAPPENED UNTIL THEN AND
9 THEN BANK FORECLOSED AND SOLD IT FOR NOTHING, I THINK.

10 Q SO MR. PARLATO AND MR. DEL NEGRO AND
11 MS. BRONFMAN DIDN'T TRY TO FINISH THE CONSTRUCTION AT ALL TO
12 YOUR KNOWLEDGE?

13 A NOT THAT I KNOW OF. I HAVEN'T SEEN ANY
14 EVIDENCE OF THAT.

15 Q OKAY. AND YOU'VE BEEN BY THERE RECENTLY?

16 A I HAVE. THREE WEEKS AGO.

17 Q AND IS SOMEBODY ACTUALLY FINISHING UP THAT
18 HOUSE?

19 A YES. SOMEBODY IS ACTUALLY WORKING. MAYBE 12,
20 13 PEOPLE WORKING ON IT RIGHT NOW.

21 Q LET ME SHOW YOU SOME OTHER PHOTOGRAPHS. TAKE A
22 LOOK AT 804.

23 A YES, I SEE.

24 Q ARE THESE PHOTOGRAPHS OF ALONZO?

25 A YES.

26 MR. RILEY: MOVE TO ADMIT EXHIBIT 804.

27 MR. CROCKETT: NO OBJECTION.

28 THE COURT: ALL RIGHT.

1
2 (EXHIBIT 804 WAS ADMITTED INTO EVIDENCE.)

3
4 MR. RILEY: I REALLY NEED TO FIGURE OUT HOW TO TURN
5 THESE THINGS?

6 THE WITNESS: YOU CAN LEFT CLICK AND THEN --

7 MR. RILEY: IT DOESN'T WORK. THANK YOU?

8 THE WITNESS: SORRY. IT WORKS FOR ME SOMETIMES.

9 MR. RILEY: ONE SECOND, YOUR HONOR.

10 WELL, WE'LL HAVE TO LOOK AT THEM SIDEWAYS FOR
11 NOW. MAYBE AT THE DAY BREAK, I'LL FIGURE THIS OUT.

12 MR. CROCKETT: THAT'S THE PROBLEM WITH THE HOUSE, YOUR
13 HONOR, IT'S BUILT THAT WAY.

14 MR. RILEY: OKAY.

15 THE COURT: WHY DON'T YOU JUST USE PICTURES AND PUT
16 THEM ON THE ELMO.

17 MR. RILEY: THAT'S A GREAT IDEA. LET ME GET MY BINDER
18 OUT. ACTUALLY, CAN I TAKE THEM FROM THE WITNESS'S BINDER,
19 YOUR HONOR? IT'S MUCH FASTER.

20 MUCH BETTER.

21 Q SO IS THAT ESSENTIALLY HOW IT LOOKED IN OR
22 ABOUT JANUARY 2008?

23 A YES.

24 Q I'M ON PAGE FOUR OF EXHIBIT 804. DOES THAT
25 SHOW THE VIEW?

26 A YES, IT DOES.

27 Q AND DO YOU RECALL WHAT OTHER HARD-SCAPES OR
28 ANYTHING ELSE THAT WAS PLANNED FOR THIS PROJECT?

1 A I THINK POOL, A DRIVEWAY, A POOL, SOME
2 SHRUBBERY, FENCE. THAT'S PRETTY MUCH WHAT I RECALL. I KNOW
3 THE POOL WAS SUPPOSED TO BE THERE AND -- I'M NOT SURE WHAT
4 OTHER HARD-SCAPE WAS PLANNED. I WASN'T REALLY SURE ABOUT
5 THAT.

6 Q NOW, IS THAT THE VIEW FROM A LOWER STREET
7 LOOKING UP AT THE PROPERTY?

8 A YES, IT IS. ALONZO. YEAH. ALONZO DRIVE, I
9 THINK. THIS IS ALONZO PLACE VIEW.

10 Q AND ARE THESE -- IS THAT A NEIGHBORING HOUSE?

11 A YES, IT IS.

12 Q MORE NEIGHBORING HOUSES?

13 A YES.

14 Q AND THE NAME OF THE STREET, ALONZO?

15 A YES.

16 Q OKAY. SO ON ALONZO, WHAT WERE -- AFTER GETTING
17 THE LOAN, WHAT WERE THE LOAN PROCEEDS USED FOR?

18 A TO CONTINUE BUILDING IT. AND THE BANK WOULD
19 COME AND INSPECT THE PROPERTY BEFORE EACH DRAW TO MAKE SURE WE
20 WERE ON TRACK, AND WE WOULD RECEIVE A CHART THAT SHOWS THE
21 PROGRESS VERSUS HOW MUCH MONEY WE'RE TAKING. SO, SAY, IN
22 BANK'S OPINION IT WAS 50 PERCENT DONE; OUR REPRESENTATION IT
23 WAS 45 PERCENT DONE. IT WAS ALWAYS OUR REPRESENTATION VERSUS
24 BANK'S REPRESENTATION. WE WERE ALWAYS AHEAD OF THE CURVE. WE
25 TRIED NOT TO ASK FOR MORE MONEY IF THE CONSTRUCTION WASN'T AT
26 THE PLACE WHERE THE BANK SAID IT SHOULD HAVE BEEN.

27 IN THE END OF THE DAY IT WAS, I BELIEVE, OUR
28 ESTIMATE THE PROPERTY WAS 75 PERCENT DONE AND THE BANK WAS 80

1 PERCENT DONE. SOMEWHERE AROUND THAT LINE.

2 Q OKAY. I WANT TO TAKE YOU BACK TO EXHIBIT 815
3 AND LOOK AT THE SPREADSHEET FOR ALONZO. AND PAGE TWO OF
4 EXHIBIT 815, I BELIEVE, HAS THE TOTAL -- ROUGHLY THE TOTAL AS
5 OF THE DATE OF THIS SPREADSHEET, AND IT HAS IT AS \$874,000.

6 A RIGHT.

7 Q AND DO YOU HAVE AN ESTIMATE FROM THIS -- WELL,
8 FROM JANUARY 2008 FORWARD APPROXIMATELY IN ROUGH NUMBERS, HOW
9 MUCH MORE IT WAS GOING TO TAKE TO FINISH THIS PROPERTY?

10 A MY BEST RECOLLECTION WAS ABOUT \$200,000 BECAUSE
11 WE ALREADY BOUGHT A LOT OF SOFT MATERIALS AS FAR AS -- FOR
12 EXAMPLE, BATHROOM HARDWARE. THAT'S SOMETHING THAT GOES -- YOU
13 KNOW, THOSE THINGS, THE FAUCETS THAT YOU TURN THE WATER AND
14 SHOWERHEADS AND TOILETS AND SO FORTH.

15 SO IT WAS PRETTY MUCH JUST A MATTER OF FINISHES
16 AND WHAT FINISHES WERE DESIRED IN THE HOUSE. AND THIS WAS A
17 HIGH-END HOUSE, SO HARDWOOD FLOORS AND SUCH WOULD BE
18 APPROPRIATE, AND JUST PRETTY MUCH THINGS OF THAT NATURE WOULD
19 BE --

20 Q AND SO APPROXIMATELY, IF YOU RECALL -- I CAN'T
21 REMEMBER THE NUMBERS -- HOW MUCH WAS PAID FOR THE ALONZO
22 PROPERTY?

23 A \$365,000.

24 Q SO 365 PLUS HERE 874 --

25 A PLUS ANOTHER TWO.

26 Q -- PLUS ANOTHER 200,000, I COME UP WITH A
27 MILLION FOUR THREE NINETY?

28 A SOUNDS ABOUT RIGHT. SO, YEAH.

1 Q AND IT APPRAISED AT ROUGHLY?

2 A BETWEEN 2.4 AND 2.9 -- 2.4 SOMETHING AND 2.9
3 SOMETHING. SO ROUGHLY.

4 Q SO THE PROFIT WOULD HAVE BEEN, HOPEFULLY, A
5 GOOD AMOUNT OF MONEY?

6 A THAT WAS THE IDEA.

7 Q AND THEN WAS THAT MONEY JUST GOING TO BE
8 DISBURSED AT THAT TIME? OR WHAT WAS GOING TO HAPPEN TO THE
9 PROCEEDS FROM THE SALE OF THIS HOUSE?

10 A WE WOULD USE THE PROCEEDS TO FINISH SOME OF THE
11 REMAINING HOUSES TO PUT THEM UP TO THE POINT OF GETTING
12 ANOTHER LOAN FROM THE BANK. SO FINISH FOUNDATION. FOR
13 EXAMPLE, ON NATOMA AND/OR LAURELMONT AND TAKE A LOAN. SO
14 BASICALLY, WE'D BE SELF-SUSTAINING PROJECT AT THAT POINT.

15 Q ALL RIGHT. PLEASE TAKE A LOOK AT EXHIBIT 557.

16 A OKAY.

17 Q IS THIS FURTHER COMMUNICATIONS REGARDING
18 ACTUALLY THIS LOAN ON ALONZO AND OTHER MONIES REQUESTS?

19 A AMONG OTHER THINGS, YES.

20 MR. RILEY: MOVE TO ADMIT EXHIBIT 557.

21 MR. CROCKETT: NO OBJECTION.

22 THE COURT: ALL RIGHT.

23

24 (EXHIBIT 557 ADMITTED INTO EVIDENCE.

25

26 Q BY MR. RILEY: OKAY. LET'S LOOK AT THE TOP
27 E-MAIL FIRST.

28 A I SEE.

1 Q LET'S TRY THAT AGAIN. IT READS:

2 "THANKS, BECKY." AND THIS IS JUNE 18, 2007?

3 A YES.

4 Q "I WILL LET YOU KNOW IF THEY REQUIRE MORE
5 INFO." AND WE'LL GET TO THAT IN A MINUTE. "BTW" -- BY THE
6 WAY -- "WE GOT THE LOAN ON THE FIRST HOUSE ALONZO," AND THEN
7 IT SAYS "INDYMAC BANK".

8 WERE THEY AWARE THAT YOU GOT THE LOAN ON ALONZO
9 FROM INDYMAC BANK?

10 A OF COURSE.

11 Q AND WERE THEY AWARE THAT YOU SIGNED FOR THE
12 LOAN PERSONALLY?

13 A THEY DIDN'T SIGN FOR IT, SO SOMEBODY HAD TO
14 SIGN. OF COURSE. I MEAN, IT JUST DIDN'T POP OUT.

15 MR. CROCKETT: OBJECTION, NO FOUNDATION FOR THAT.
16 MOVE TO STRIKE.

17 THE COURT: ALL RIGHT. REPHRASE THE QUESTION.
18 SUSTAINED.

19 Q BY MR. RILEY: OBVIOUSLY, THIS E-MAIL IS A
20 COMMUNICATION ABOUT THAT LOAN?

21 MR. CROCKETT: OBJECTION, LEADING AND THE DOCUMENT
22 SPEAKS FOR ITSELF REALLY.

23 MR. RILEY: LET ME ASK ANOTHER QUESTION.

24 THE COURT: JUST ASK ANOTHER QUESTION. REPHRASE THE
25 QUESTION.

26 Q BY MR. RILEY: DID YOU HAVE OTHER -- ASIDE FROM
27 E-MAIL COMMUNICATIONS, DID YOU HAVE VERBAL COMMUNICATIONS WITH
28 BECKY FREEMAN, BARBARA BOUCHEY, OR NANCY SALZMAN ABOUT THE

1 ALONZO PROJECT?

2 A JUST I WAS VERY EXCITED TO GET THAT LOAN
3 BECAUSE IT WAS THE FIRST LOAN WE GOT. AND WE WERE HAPPY TO DO
4 THIS. WE FIGURED THAT THESE PEOPLE WERE SENDING US ALL THE
5 MONEY.

6 MR. CROCKETT: OBJECTION. SHE'S -- IT'S JUST
7 IRRELEVANT HOW HAPPY SHE IS. THE QUESTION WAS COMMUNICATION
8 SHE'S --

9 THE COURT: WELL, IT'S NONRESPONSIVE. SUSTAINED.

10 GO AHEAD. NEXT QUESTION.

11 Q BY MR. RILEY: ALL RIGHT. LET'S GO DOWN TO THE
12 NEXT E-MAIL.

13 A OKAY.

14 Q ALL RIGHT. THIS IS OF THE SAME DATE, I
15 BELIEVE, AND IT READS THE HUNDRED --

16 MR. CROCKETT: OBJECTION, YOUR HONOR. COULD I BE
17 HEARD ON THIS?

18 THE COURT: OKAY.

19 MR. CROCKETT: THANK YOU.

20

21 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
22 HELD AT SIDEBAR:)

23

24 MR. CROCKETT: I SHOULD HAVE BEEN MORE VIGILANT ON
25 THIS ONE PARTICULAR DOCUMENT. THIS CONTAINS THE E-MAIL THAT
26 DESCRIBES MY CLIENTS' WEALTH AND INVESTMENTS IN OTHER
27 PROPERTIES. THEY'RE VERY SENSITIVE ABOUT THIS GETTING OUT IN
28 THE PRESS BECAUSE THIS STUFF IS EXACTLY WHAT THE NEW YORK POST

1 IS INTERESTED IN AND PUBLISHES.

2 THE COURT: OKAY. LET ME JUST -- LET ME READ IT MORE
3 CAREFULLY.

4 WELL, IT DOES TALK ABOUT THEIR WEALTH, SO I
5 GUESS THE ISSUE IS RELEVANCY.

6 MR. CROCKETT: AND PRIVACY. I STIPULATE THEY'RE
7 WEALTHY.

8 THE COURT: WELL, PRIVACY? SHE SENT IT TO MS. PLYAM,
9 SO --

10 MR. CROCKETT: WELL, THERE'S MORE THAN THAT. THEY
11 HAVE EXHIBITS OF MY CLIENTS' TAX RETURNS. SO THIS IS GOING TO
12 BE THE FIRST OF MANY OBJECTIONS LIKE THAT.

13 THE COURT: WELL, HE'S NOT ASKING TO PUT THOSE IN AT
14 THIS POINT.

15 MR. CROCKETT: THIS ONE -- THERE'S REALLY NO REASON TO
16 PUT THAT ONE IN.

17 THE COURT: WHAT DO YOU SAY, MR. RILEY?

18 MR. RILEY: WHAT IT TALKS ABOUT IS THAT MY CLIENTS
19 KNEW ABOUT THE MONEY AND HOW IT WAS FLOWING, AND IT'S ALL PART
20 OF THE DEAL.

21 THE COURT: WELL, I DO WANT TO MAINTAIN --

22 MR. RILEY: I'M NOT GOING TO GO INTO THEIR TAX RETURNS
23 AND STUFF LIKE THAT UNLESS IT'S NECESSARY.

24 MR. CROCKETT: I DON'T WANT IT ADMITTED. I DON'T WANT
25 IT ADMITTED. I WANT TO WITHDRAW THE ADMISSION AND I WANT FROM
26 HERE DOWN REDACTED.

27 MR. RILEY: IT GOES TO MY CLIENT'S KNOWLEDGE.

28 THE COURT: BUT THE PROBLEM IS IT DOES GO TO HER

1 KNOWLEDGE. IF YOU WANT TO REACH SOME AGREEMENT --

2 MR. CROCKETT: THERE'S BEEN NO AGREEMENT.

3 THE COURT: I'M GOING TO HAVE TO LET IT IN THEN. YOUR
4 AGENT SENT IT TO HIS CLIENT. IF YOU WANT ME TO LET IT IN,
5 I'LL LET IT IN. YOU'RE FORCING ME TO DO THAT. OBVIOUSLY,
6 PRIVACY HAS BEEN WAIVED.

7 MR. CROCKETT: THERE'S NO AGREEMENT POSSIBLE. WE
8 NEVER REACH AN AGREEMENT.

9

10 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
11 HELD IN OPEN COURT IN THE PRESENCE OF THE
12 JURY:)

13

14 THE COURT: OVERRULED.

15 MR. RILEY: ALL RIGHT. THIS IS ACTUALLY A GOOD PLACE
16 TO BREAK FOR THE DAY.

17 THE COURT: ALL RIGHT. THAT'S FINE. LET'S DO THAT.

18 ALL RIGHT. LADIES AND GENTLEMEN, WE'RE GOING
19 TO TAKE OUR AFTERNOON BREAK. SO, AGAIN, DON'T TALK ABOUT THE
20 CASE AMONGST YOURSELVES OR OTHERS; FORM ANY OPINIONS ABOUT THE
21 CASE UNTIL YOU'VE HEARD ALL THE EVIDENCE.

22 REMEMBER MY ADMONITION ABOUT STAYING OFF THE
23 INTERNET. AND SINCE WE'RE TALKING ABOUT THESE PROPERTIES AND
24 IF YOU HAPPEN TO BE IN THAT AREA, JUST DON'T PAY ANY ATTENTION
25 TO THOSE PROPERTIES AND MAKE ANY SPECIAL EFFORT TO VIEW THE
26 PROPERTIES IN QUESTION.

27 REMEMBER WE WILL NOT BE IN SESSION TOMORROW, SO
28 COME BACK THURSDAY MORNING. THURSDAY I HAVE A LIGHT CALENDAR.

1 THURSDAY MORNING, 9:15. WAIT OUTSIDE IN THE HALL AND WE'LL
2 CALL YOU IN THEN.

3 THANK YOU.

4 FOR THOSE OF YOU THAT HAVE TO GO BACK TO WORK,
5 PLEASE DO SO.

6 THE WITNESS: MAY I STEP DOWN?

7 THE COURT: YES.

8
9 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
10 HELD IN OPEN COURT OUTSIDE THE PRESENCE OF THE
11 JURY:)

12
13 THE COURT: ALL RIGHT. TWO THINGS. I GUESS WE CAN
14 PUT IT ON THE RECORD.

15 WHERE IS EXHIBIT 816? TONY HAS IT?

16 THE CLERK: NO.

17 THE COURT: SOMEBODY HAS IT ON THE DESK?

18 MR. CROCKETT: RIGHT THERE.

19 THE COURT: ALL RIGHT. EXHIBIT 816. IN MY INFINITE
20 SPARE TIME, I DID A LITTLE RESEARCH AND CONSULTED WITH A FEW
21 INDIVIDUALS. I'LL ALLOW MR. CROCKETT TO HAVE IT ON THE
22 CONDITION THAT NO DESTRUCTIVE TESTING BE DONE, THAT IT BE
23 MAINTAINED IN THE SAME CONDITION AS IT IS CURRENTLY IN, AND
24 THAT HE RETURN IT PROMPTLY BY -- MR. CROCKETT?

25 MR. CROCKETT: I'D LIKE TO SAY MONDAY, BUT THE EXPERTS
26 WE'VE BEEN -- HAVE FOUND DECLINED THE WORK BETWEEN NOW AND
27 THEN. BUT I'LL TAKE IT UNTIL MONDAY.

28 THE COURT: ALL RIGHT. WE'LL LEAVE IT AT THAT.

1 IF, DEPENDING ON WHAT CONCLUSIONS MR. CROCKETT
2 COMES TO, THEN WE'LL TAKE CARE OF IT. WE'LL MEET THAT BRIDGE
3 WHEN WE COME TO IT.

4 MR. RILEY: DO -- AND I THINK I HAVE A COPY OF THE
5 WHOLE THING.

6 THE COURT: YES. VERIFY FOR YOURSELF THAT YOU HAVE A
7 COMPLETE COPY OF EVERYTHING THAT'S IN IT.

8 MR. RILEY: I KNOW I DON'T HAVE A COPY OF THE BACK OF
9 THIS, BUT THAT'S ABOUT IT.

10 THE COURT: OKAY.

11 MR. RILEY: SO I WILL TRUST THAT IT'S NOT GOING TO GO
12 ANYWHERE.

13 THE COURT: I'LL MAKE YOU A COPY. I HAVE A XEROX
14 MACHINE IN THE BACK.

15 MR. RILEY: SOUNDS GOOD. I'LL TAKE YOU UP ON THAT.

16 FOR THE RECORD, ARE WE GOING TO HAVE AN
17 IDENTITY OF WHO THIS EXPERT IS NOW?

18 THE COURT: I GUESS MR. CROCKETT DOESN'T KNOW YET.

19 MR. CROCKETT: RIGHT.

20 MR. RILEY: THANK YOU, YOUR HONOR.

21 THE COURT: SO OFF THE RECORD. COME BACK HERE,
22 GENTLEMEN.

23

24 (AN OFF-THE-RECORD DISCUSSION WAS HELD
25 IN CHAMBERS AT THIS TIME.)

26

27 (WHEREUPON THE PROCEEDINGS WERE ADJOURNED
28 TO MARCH 24, 2011, AT 9:15 A.M.)

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES
DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE

PRECISION DEVELOPMENT, LLC,)
)
PLAINTIFF(S),)
)
VS.) NO. BC384285
)
YURI PLYAM, ET AL.,) REPORTER'S
) CERTIFICATE
DEFENDANT(S).)
_____)

I, SYLVIA ALMAGUER-MILLER, OFFICIAL REPORTER OF THE
SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF LOS
ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING PAGES 1 THROUGH
149, INCLUSIVE, COMPRISE A TRUE AND CORRECT TRANSCRIPT OF THE
PROCEEDINGS HELD IN DEPARTMENT 17 ON MARCH 22, 2011, IN THE
ABOVE-ENTITLED MATTER.

DATED THIS 24TH DAY OF MARCH, 2011.

SYLVIA ALMAGUER-MILLER, OFFICIAL REPORTER, #8767